EVALUATION AND AID EFFECTIVENESS 2

ORGANISATION FOR ECONOMIC CO–OPERATION AND DEVELOPMENT

Evaluating Country Programmes

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DEVELOPMENT ASSISTANCE COMMITTEE

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FOREWORD

Since the mid-1980s development agencies have increasingly targeted development assistance at the country level. This approach provides a rational framework that can be used to improve relevance, effectiveness and coherence of development assistance programmes.

The increasingly widespread adoption of country assistance strategies has challenged evaluators to assess results at the country level. As documented in this publication, development agencies have employed a range of different approaches to carry out country programme evaluations.

In order to review these experiences and to share lessons about strengths and weaknesses inherent in different approaches to country programme evaluation, the Working Party on Aid Evaluation organised a workshop in Vienna on 11 - 12 March 1999. This workshop principally focused on progress made since the first country programme evaluation workshop, also held in Vienna, in May 1994.

This publication provides a unique overview of approaches and methods for country programme evaluation. It contains i) an analytical review of the workshop's main findings; ii) an overview of the state-of-the-art approaches and methodologies used for country programme evaluations; and iii) the case studies, which were presented and discussed at the workshop.

Special thanks are due to the Austrian Ministry of Foreign Affairs -- who hosted the workshop -- for their hospitality and assistance, and in particular to Brigitte Dekrout, Director of the Department for Audit and Evaluation. We are also grateful to DAC Members who contributed interesting case studies (France, Germany, the Netherlands, Switzerland, United States, European Commission, Inter-American Development Bank and the World Bank), and financial support (Austria, Denmark, the Netherlands and United Kingdom). The publication was prepared by the Development Co-operation Directorate of the OECD under the direction of Hans Lundgren and Maria Iarrera, with editing assistance by Carola Miras and Marcia Bystrom.

Niels Dabelstein
Chair of the Working Party on Aid Evaluation

REPORT FROM THE COUNTRY PROGRAMME EVALUATION WORKSHOP, VIENNA, 11-12 MARCH 1999

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GLOSSARY OF ACRONYMS AND DEFINITIONS

3M	Macro, Meso and Micro (UNDP system of classifying projects by likely level of impact)
ACP	Asia, Caribbean and Pacific
AsDB	Asian Development Bank
AfDB	African Development Bank
BoP	Balance of Payments
CAE	Country Assistance Evaluation
CAN	Country Assistance Note (World Bank):
CAR	Country Assistance Review (World Bank)
CCF	Country Co-operation Framework (UNDP)
CEE	Central and Eastern Europe
CPE	Country programme Evaluation
CSE	Country Strategy Review (multilateral banks)
CIR	Country Impact Review (IFC)
CIS	Commonwealth of Independent States
DAC	Development Assistance Committee
DFID	Department for International Development
ESW	Economic and Sector Work (World Bank):
EU	European Union
FDFA	Political Affairs Division
FDPE	Federal Department of Public Economy
FOFEA	Federal Office of Foreign Economic Affairs
HA/SDR	Humanitarian Affairs and Swiss Disaster Relief
HDI	Human Development Index
IDB	Inter-American Development Bank
IDR	Institute for Development Research, Addis Ababa
IDS	Institute of Development Studies, University of Sussex
IFC	International Finance Corporation
JICA	Japanese International Co-operation Agency

MDB	Multilateral Development Bank
MTR	Mid-Term Review
NGO	Non-Governmental Organisation
NPOs	National Programme Officers
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
SHD	Sustainable Human Development (UNDP)
SIDA	Swedish International Development Agency
TA / TC	Technical Assistance / Technical Co-operation
TOR	Terms of Reference
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
WB	World Bank

CHAPTER 1

COUNTRY PROGRAMME EVALUATION: SYNTHESIS REPORT FROM THE WORKSHOP

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Introduction

Since the mid-1980s, official development agencies have moved towards country programming. Many individual donors have made efforts to concentrate their aid upon a limited number of countries and to ensure that it is relevant and coherent with regard to the specific problems and opportunities of these countries. The shift towards country programming has been slower in some agencies than in others. Nonetheless, for many donors the partner country has become the logical unit of account and evaluation -- especially with the recent revival of interest in the role of the State as the key external determinant of aid performance[2].

Reflecting the shift towards country programming, from the late 1980s donors began to use country programme Evaluations (CPEs) to complement project or sectoral evaluations. A workshop on this topic was convened in Vienna by the DAC Expert Group on Aid Evaluation from 11th-12th March 1999, in order to review experience and to share lessons about what appear to be the strengths and weaknesses of different approaches to country programme evaluation. This workshop concentrated upon progress made since the first workshop on the subject, also held in Vienna, in May 1994.

Twenty-one donor countries or multilateral aid organisations and seven partner countries were represented at Vienna in March 1999 (see Appendix 1.2). This paper provides an analytical overview of the presentations and discussions.

Opening and closing with comments from the DAC and from the Austrian hosts, the workshop was structured as four plenary sessions in which delegates presented prepared papers. Between plenary sessions participants divided into four issue-based discussion groups. These small Working Groups met on three occasions over the two days, each group discussing a specific aspect of country programme evaluation. The conclusions of each of the groups were presented to the whole Workshop in the fourth and final plenary session on the afternoon of the second day. (See Appendix 1.1).

The Overseas Development Institute (ODI) prepared a background paper for the Workshop. This reviewed a sample of the CPEs known to have been published between 1994 and 1999 and described the range of

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* This paper synthesises the proceedings of a workshop on country programme evaluation, held in Vienna in March 1999. It draws upon the presentations and discussions at that Workshop and the various papers which were circulated by speakers and other participants. It has been prepared by the Overseas Development Institute, with funding from the Development Co-operation Directorate of the Organisation for Economic Co-operation and Development. The author gratefully acknowledges the assistance of the various participants at the Workshop who have made suggestions at the time or since. The view expressed in the report remain those of the author.

2 The World Bank's *World Development Report* in 1997 and review of aid effectiveness in 1998 are key documents in this recent revival of donor interest in the State.

purposes and methodologies which were apparent in the sample (Conway and Maxwell, 1999). The ODI review was presented in the opening session and made suggestions regarding what constituted good practice in country programme evaluation. This set of recommendations provoked considerable debate: the final list (reproduced here as Box 7 in the Conclusions) incorporates comments made at the Workshop.

The subsequent presentations were each supported by summary papers (see Bibliography for full list). Five of these were case studies of particular CPEs, presented by the donor involved. In the case of the presentations by the Netherlands, Swiss, French and EU delegates, the donor perspective was complemented by commentaries from national partners. In the four remaining presentations, donors described their experience with country programme evaluation as an agency-wide approach, rather than through the examination of a particular case study.

Rather than attempt to summarise each of the individual presentations in turn, this document provides an analytical overview, drawing out some of the key points emerging from i) a state-of-the-art review paper, ii) the case study presentations and iii) the discussion groups (as summarised in the brief presentations in the closing session).

For consistency, the review which follows is structured under the four thematic headings which were used as the titles of the discussion groups. The headings are: i) the rationale, purpose and use of CPEs; ii) methods, approaches and criteria used in country programme evaluation; iii) the identification, attribution and measurement of impact; and iv) the current and potential role of donor-partner and multi-donor co-operation in the country programme evaluation process. The final section pulls together the main conclusions under each of these themes.

Rationale, purpose and use

1. There was broad agreement about the general rationale for country programme evaluation: as donors strengthen their focus upon country programming, evaluation at the country programme level offers valuable insights which can make use of and complement project or sectoral evaluation. As the review paper (see Chapter 2) and the various donor case study presentations made clear, however, the specific reasons for carrying out a CPE may vary considerably between donors and even between different exercises conducted by the same donor. There are many potential roles for a country programme evaluation.

2. Finally, and without detracting from the clear enthusiasm for CPEs expressed at the Workshop, it is important to note that there were also some cautionary comments. First, it was noted that there were occasions when poor donor co-ordination had resulted in an unnecessary duplication of effort in the preparation of CPEs, with a resulting increase in the burden upon partners. The more general point was that the strength of the argument for country programme evaluation changes over time to reflect evolving agency practice. An agency which has conducted evaluations of most of its major country programmes may have learnt all it can at this point in time and would be advised to wait a few years before conducting further CPEs.

Agreement on general rationale for country programme evaluation

3. The state-of-the-art review paper noted that there is widespread agreement among bilateral and multilateral donors that CPEs do have something of value to add to other forms of aid evaluation. This

consensus was reiterated in the opening session and at other points during the Workshop[3]. The basic rationale for country programme evaluation that the country is in most cases the most logical unit of aid management and account is premised upon two observations.

First, within national boundaries, political, economic and socio-cultural parameters can be taken as to some degree fixed: aid channelled to a given nation should reflect the needs and opportunities which can be observed at the country level, particularly with regard to the strengths and weaknesses of the partner government. Regardless of whether a donor's aid to a given country is packaged as a country programme, there may be considerable value to evaluating all forms of aid to that country in consideration of national needs and opportunities.

Secondly, and reflecting donor recognition of the point above, many donors now channel their aid through country programmes administered by national offices. As donor institutional practices (plans, budgets, staffing, reporting, etc.) are organised increasingly at the partner country level, the country programme becomes a focus for the evaluation of performance[4]. A shift to country programming logically implies a shift to country programme evaluation.

Finally, country programmes and country programme evaluations serve as agency-wide, strategic planning tools as well as tools of programme management. By viewing their work in the context of specific country situations, donors acquire a deeper understanding of aid and development processes. As one example of this, several donors have used CPEs to test progress made and obstacles encountered in the adoption of cross-cutting themes (*e.g.* the mainstreaming of gender equity or poverty reduction as agency-wide goals). Another example would be the use of CPEs to examine "systemic" issues in aid performance: that is, to test the influence of agency-wide management systems upon country-level performance. These examples are discussed in more detail below.

Diversity in specific reasons for and uses of country programme evaluations

If it is possible to identify a general rationale for evaluation at the country level, the presentations at the Workshop demonstrated that the specific reasons for carrying out a CPE vary. The specific rationale for any given CPE reflects a number of factors: the nature of the donor organisation, the nature of the partner country, the relationship between them (expressed in the nature of the country programme), and the processes by which it is intended that the CPE will contribute to improved aid performance (expressed, for example, in the relationship of the CPE to accountability and learning).

The most obvious difference between donors is that between bilateral and multilateral donors. Bilaterals must account to the Parliament and taxpaying public in the donor country: reflecting this, the CPEs of bilaterals tend to require a greater degree of disclosure.

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3 Mr. Dabelstein (Denmark) noted that this general acceptance of the rationale for country programme evaluation makes it hard to explain the uneven distribution of CPEs by donor and partner country (see Table 2.1 in Chapter 2). The definition of a CPE in the review by Conway and Maxwell was deliberately broad: the patterns of concentration and neglect would therefore seem *not* to reflect a restrictive focus. The remaining explanations are i) the sample is incomplete (which it almost certainly is, but not significantly so); ii) the number of CPEs for any given country reflects the volume of the aid received, in either absolute terms or relative to the partner's GDP (which it does, but not perfectly); or iii) CPEs are avoided in some countries (at least by certain donors) because of political sensitivity.

4 The strength of the "common-sense" argument for country programme evaluation varies depending upon context. The internal homogeneity of national socio-cultural, economic and political-legal conditions varies between any two countries; similarly, the degree to which ODA is formulated and implemented at the national level varies significantly between donors and, for any given donor, between country programmes. Note for example that the Netherlands, while committed to country programming since 1984, is attaching increasing importance to both kinds of analysis and groups partner countries on the basis of common regional issues (IOB, 1999: 4, 7, 10).

However, there are other, more subtle differences between donor organisations in terms of the rationale for country programme evaluation. Amongst bilateral donors, the larger organisations tend to have advanced further towards country programming and thus to have a greater intrinsic motivation for a shift to country programme evaluation. Smaller bilateral donors (or those larger donors which still operate in many countries through projects rather than country programmes) may instead prefer to use CPEs to test only for relevance and efficiency, to contribute to the *creation* of a country programme, or to test for the match between aid to a given country and agency-wide policies (see below).

Differences in rationale can also be observed between the CPEs conducted by a single donor organisation. Sometimes a donor will use different types of CPE for different types of decision-making. The World Bank, for example, routinely uses two types of CPE to meet different management needs: the longer Country Assistance Reviews (CARs), which provide a lengthy and resource-intensive review of the country context and Bank co-operation over a decade or more, and the shorter Country Assistance Notes (CANs), which are internal documents focusing upon a narrower range of issues and addressing only certain performance criteria.

A donor’s reasons for carrying out CPEs may also change over time to reflect changes in agency-wide interest and policy:

- The second set of CPEs carried out by the Netherlands differed from the first, in that more attention was paid to the broader context of bilateral relationships; there was specific focus on the Dutch priority themes of the environment and women; and the dynamics of the programme during the period under review were explored in more detail.

- The approach adopted by the Swiss Agency for Development and Co-operation (SDC) to the evaluation of aid to Tanzania has changed over time. An initial self-evaluation exercise had the advantage of being more intimately embedded in country programme practice: it was faster and contributed to learning and the formulation of the new country programme. A subsequent external evaluation was more participatory and provided accountability. SDC concludes that the best insights are obtained by a combination of self-evaluation and external evaluation (SDC, 1999b: 7): this combination helped to build capacity, solidarity and commitment among programme staff and partners, with the result that the findings were more readily “owned” and incorporated by the programme. It was however time-consuming and relatively expensive.

It should be noted that differences in rationale can also be seen even within the course of a single CPE (when donor headquarters, country programme actors and evaluators may have different expectations of the process and outcome).

Sometimes the differences between the CPEs conducted by a single donor reflect the particular needs of particular country programmes rather than a secular change in donor evaluation policy. The case for a CPE is most compelling and the process of country programme evaluation easiest if i) the country programme has well-defined goals and strategy; ii) the elements of this country programme are coherent; and iii) the country programme represents a major part of the donor’s global operations and/or of total aid flows to the partner country in question. The case is less self-evident and the process harder if the country programme is in reality little more than a collection of diverse projects which answer directly to the donor headquarters rather than to a country programme office[5].

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[5] Similarly, there is less immediate rationale for concentrating evaluation activities at the country level if national institutions (whether state or social) are weak and there is a high degree of sub-national / regional difference in the context (political, socio-cultural or environmental) for development processes.

This led some participants to argue that evaluation, at least in conventional logical framework terms, is extremely difficult if there are not clear (country) programme goals against which to evaluate performance. Country programme evaluation is undoubtedly harder when there is not a coherent country programme, when the goals of the country programme are implicit rather than explicit (as in the case of EU aid to Russia), or when the evaluation will assess aid on criteria that differ from those conceived in the original design. There is a convincing argument however that, while difficult, country programme evaluation can still take place and can still have useful results under these circumstances. The rationale for "country programme evaluation without country programming" can be defined in relation to either agency-wide policies and practices or to specific country needs. To illustrate:

- In the first case (a rationale based on agency-wide goals), a CPE or series of CPEs can be used to test the degree to which a donor's policy has been implemented and to examine the results that have arisen from implementation. Finland has found CPEs to be a valuable way to test progress on implementing cross-cutting themes. In a similar fashion, the Asian Development Bank is currently carrying out CPEs designed to test the agency's focus on poverty reduction[6].

- Alternatively, a CPE can help a donor to identify country needs, test the extent to which existing aid activities do or do not relate to these needs, and contribute to the formulation of a coherent country strategy and programme. Several CPEs thus place more weight upon the "external evaluation" of country needs and the strengths and weaknesses of partner country development performance, with less attention to the evaluation of donor activities (or attention which concentrates primarily upon the relevance of current activities and the planning of appropriate future activities). This kind of CPE, weighted towards country situation analysis and planning, may be valuable to donors (typically small donors) as they seek to transform a collection of small projects into a coherent country programme.

These examples demonstrate that evaluation can proceed on the basis of *post facto* criteria (agency-wide policies or country needs) in the absence of identifiable country programme goals, *providing* these criteria are clearly established in the evaluation process itself. CPEs in this sense become part of the broader process of country programming.

In this discussion rationale can be defined as *intended* use. It has proved hard to identify or measure the actual use of CPEs to date. Use or impact is easiest to assess when (as in the Netherlands) a formal managerial response and recommendations for action are required following the completion of a CPE[7]. There are also some less precise but suggestive indications that CPEs have an effect: for example, the short CPEs commissioned by the EU as a contribution to a Brussels-based, ACP-wide assessment of impact have been requested by the country programmes as an input to their own decision-making process. The possible rationales and uses of a CPE are summarised in Box 1.

More information about the impact of CPEs on programming will emerge from mid-term reviews and subsequent CPEs. The Netherlands, for example, is currently planning a quick review of the Mali

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6 Similarly in the mid-1990s, the Danish International Development Agency (Danida) also used CPEs to examine the degree to which the agency-wide goal of poverty reduction had been "mainstreamed" in the Danish aid. These evaluations sought to determine what proportion of disbursements within key country programmes were directly related to poverty reduction, and to identify the poverty reduction impact of activities (e.g. large infrastructure projects) which had been initiated with different goals in mind.

7 CPEs produced by the Netherlands are read by the Minister for Development Co-operation, who attaches recommendations to the report before forwarding it to Parliament (IOB, 1999: 3)

programme to assess change since the full CPE was published. The impact that CPEs have on donor policy will be harder to assess.

This leads to a final observation, namely that the rationale for a country programme evaluation may differ somewhat from the actual use made of that CPE. A CPE which was carried out in order to test the match of donor activities to country needs may subsequently be published in order to communicate aid success to the general public in the donor country; referred to when resisting pressure to initiate inappropriate projects; and/or circulated to government, NGOs or other donors in the partner country in order to share lessons about successes and failures. Like aid itself, a CPE may achieve impact in ways which were not planned or foreseen when it was initiated.

Cautionary notes

The discussions in Vienna brought out a general enthusiasm for country programme evaluation and the many different uses to which they have been and could be put. It is important, however, to note that there were a few caveats. The Netherlands, for example, remains committed to the idea of country programme evaluation but, having conducted six extremely long, detailed and expensive CPEs, sees diminishing returns to further exercises of this magnitude in the near future. It is likely to wait several years before conducting further CPEs of this scope.

Box 1.1: Rationale and use of country programme evaluations
Test the performance of a donor’s aid performance against an established country plan.
Test the relevance of country programme design/donor activities relative to country needs.
Test the implementation of agency-wide goals (has a particular approach been implemented as planned?) and the results of that implementation (has implementation resulted in the intended outcomes?)
Contribute to geographical and/or sectoral focus of agency by establishing a country programme or identifying success and failure in different sectors and approaches.
Demonstrate the effectiveness of the donor’s aid to a given country, and use this to bolster the case for aid.

It was also noted that there were instances of duplication of efforts in country programme evaluation, arising from a lack of donor co-ordination. In several countries, numerous donors have conducted country programme evaluations within a few years of each other, often arriving at similar findings. The reasons for the lack of donor co-ordination in country programme evaluation are not entirely clear. Possible explanations include:

- Donor sensitivity to criticism and the desire to contain damaging findings within the agency concerned.
- Donors’ belief that differences in planning cycles or criteria for judging effectiveness make joint evaluation impossible.
- Or it has simply not been considered.

Whatever the reasons, the duplication of effort and unexplored potential for insights from comparative evaluation are regrettable. Some suggestions for a range of approaches to joint evaluation are included below in the discussion of partnership issues.

It is also important to note that the country programme evaluation process is not risk-free: as in any evaluation, there are reputations at stake and fears of the consequences can threaten the morale and commitment of programme and partner staff. Country programme evaluation, like any evaluation, must proceed with sensitivity.

Methods, approaches and criteria

In discussion of CPE methodology it was possible to distinguish several broad approaches, defined by ambition and resource requirements. These approaches differ in the criteria by which they evaluate a country programme (the shorter and simpler CPEs stopping short of impact assessment) and the breadth of the study (the timescale and forms of donor-partner relationships encompassed by the evaluation). The final section in this chapter examines some of the component elements of CPEs: national needs analysis, documentary review, selection of a sample of country programme activities for examination and the use of scoring or ranking systems. (See Box 2).

Approach to evaluation

The review of CPEs in Chapter 2 and the presentations of case studies revealed considerable differences in the approach and methods adopted in CPEs: this is unsurprising, given the differences in CPE rationale described above. Influences upon the choice of approach and methodology were debated in the second discussion group and summarised diagrammatically in the closing session. This diagram is reproduced, with some modifications, as Figure 1.

This diagram highlights how the rationale for a given CPE is determined by the nature of the donor (bilateral or multilateral, large or small, centralised or fragmented ministerial responsibility for aid); the nature of the aid programme; and the resources (money, time and skills) which are available. These are the donor-side influences upon the choice of methods and approach. External factors -- the capacity and willingness of the donor's partners to contribute to the evaluation process and the information base available to the evaluators -- also influence the choice of approach.

A CPE's approach may be defined in terms of the *breadth* and *depth* of the evaluation process[8]. Here, depth is defined in terms of the criteria used and breadth in terms of the timescale under review and the forms of donor-partner relationship which are examined. "Lighter" CPEs -- a term which seemed to be intuitively understood by participants at the Workshop -- may be defined in these terms as "shallower" (*i.e.* they address the relevance, efficiency, coherence and consistency of the country programme but do not attempt to judge impact) and/or "narrower" (they examine the performance of the country programme effectively in isolation, without attempting to look at country programme -headquarters relationships or other aspects of bilateral relationships). A "lighter" approach has the advantage of producing policy-relevant recommendations rapidly. This is particularly useful when the donor's aid is heavily dependent upon rapidly changing country-specific circumstances, as, for example, the multilateral development banks (MDBs) are dependent upon the macro-economic policies of the partner country[9].

This approach is also attractive if the donor has institutional obligations to operate in many countries (*e.g.* the EU) and/or delivers aid in a format which could only loosely be described as country programming (in

8 These aspects of "scope" are those used in Chapter 2 by Conway and Maxwell.

9 Mr. Houde (Inter-American Development Bank) noted that the government in Ecuador has changed three times since the IDB CPE of late 1998.

which case "programme" performance in terms of effectiveness or impact cannot be assessed, or can only be assessed against agency-wide or partner country goals).

In general terms, those donors which have already invested in "heavier" country programme evaluation appear to be moving towards shorter, less ambitious and less expensive CPEs. The World Bank now aims to present its Country Assistance Reviews (CARs) in 25 pages, and Country Assistance Notes (CANs) in 10. The Netherlands, as mentioned before, sees little further insights to be gained in the immediate future from further CPEs of the length (around 3 years in production) and scope and depth (reviewing perhaps 20 years of bilateral aid relations, with a serious attempt to evaluate impact) of the six CPEs which have been conducted to date[10].

It is important to emphasise that this should *not* be interpreted as implying that lengthy and detailed CPEs have been discredited. Rather, those donors which have already carried out several such studies see diminishing returns to further in-depth CPEs at this time. Those donors who have not conducted CPEs to date, or have only conducted short and simple CPEs which do not attempt to evaluate impact, may still have much to gain from a detailed examination of one of their key country programmes.

Evaluation criteria

The criteria for the evaluation of aid at the country level include logframe-based criteria developed for the evaluation of projects (*i.e.* relevance, efficiency, effectiveness, impact and sustainability). However, certain criteria which may be used in the evaluation of large projects or sectoral aid become particularly important in the evaluation of aid at the country level, where the unit of account includes a great number of separate components. *Consistency* was defined in the discussion group report as the degree of complementarity between elements of the country programme; *coherence* describes the complementarity not just between the elements of the country programme but also between the country programme and the "non-aid" aspects of the donor-partner relationship, including diplomatic and trade relationships[11].

Different donors and different individual country programmes may be more amenable to evaluation than others. The "evaluability analysis" checklist developed by IDB (reproduced in IDB, 1999: 68-70) helps the Bank to identify when aid to a country is formulated in a programme-like manner amenable to evaluation using logframe-based criteria.

The identification, attribution and measurement of impact was recognised as particularly problematic[12]. These various aspects of impact assessment were debated by a separate group (see below).

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[10] The time required for to carry out CPEs on the scale of those conducted by the Netherlands is probably the main factor deterring donors from attempting CPEs of this scope. However, cost might also be a factor for smaller donors. At around USD 800 000 each, these CPEs cost some few percent of the twenty-year country programmes they evaluated, and as such can be considered entirely justifiable. But for smaller donors -- especially those operating small and only weakly co-ordinated country programmes in many countries -- such outlay may not be possible.

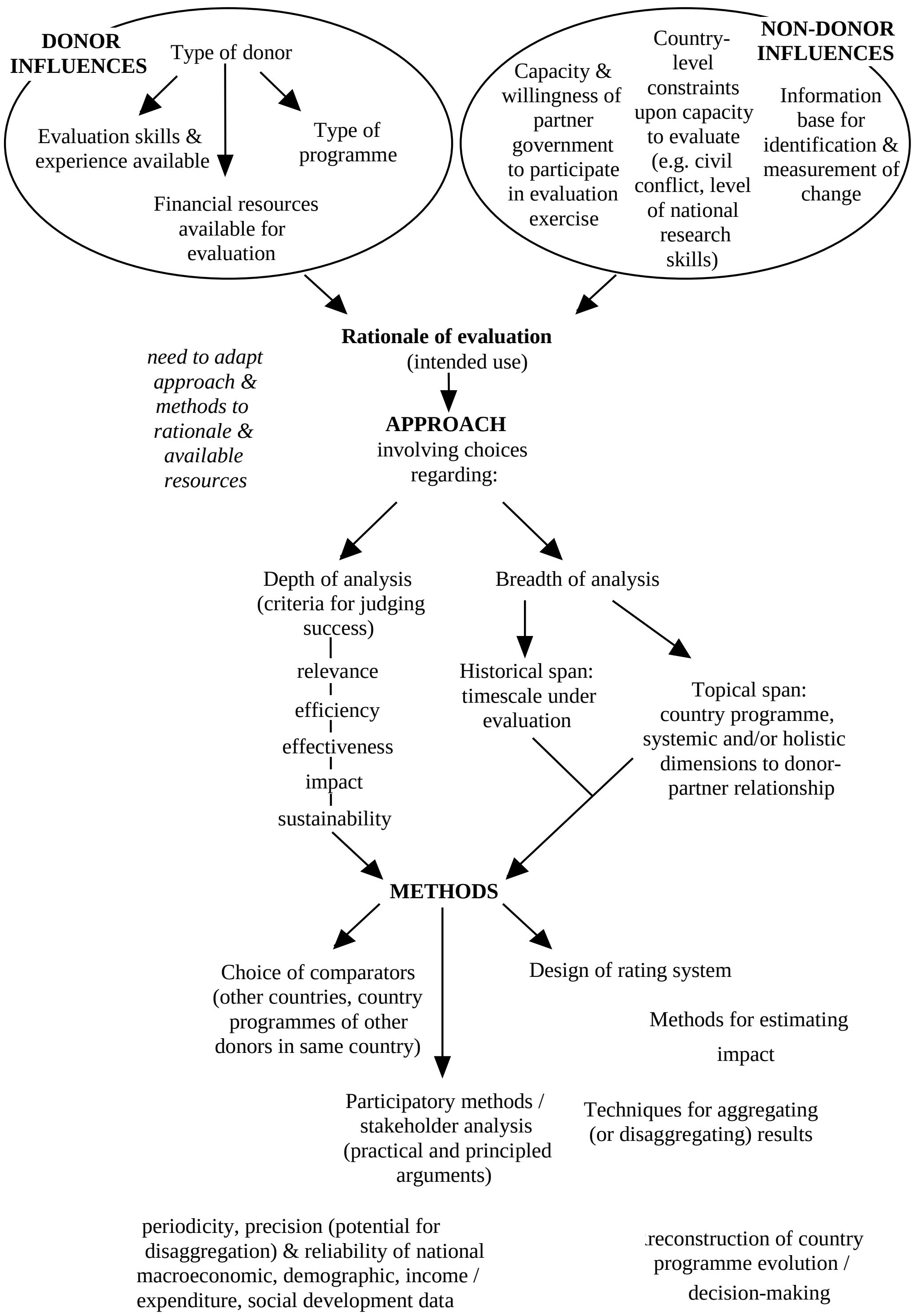
[11] Coherence thus describes the quality of what was defined by Conway and Maxwell as "holistic" aspects of country programme performance.

[12] Indeed, Conway and Maxwell (Chapter 2) suggested that impact assessment on a country programme level was sufficiently difficult that it might be best conceptualised as a specialised research task rather than a task for donor evaluators. The validity of this distinction was disputed at the Workshop: the definition of a country programme evaluation is broad enough to include detailed pieces of professional research which *can* effectively examine impact.

Methodological components of country programme evaluation

All of the CPEs described in the presentations started with a review of existing programme documentation. The depth and rigour of this documentary analysis varied considerably: that which was carried out in the Dutch CPE of aid to Egypt (and other countries) (see Chapter 3) was extremely systematic and detailed, involving many researchers over a long period.

Figure 1.1: Approaches, methods and criteria



Source: Authors.

CPEs presented at Vienna differed greatly in the depth to which they examined the country situation. There is a strong argument for more attention to these topics in the process of country programme evaluation. Often there is an unexamined body of historical or anthropological studies which have much to contribute to the explanation of the success or failure of aid activities[13]. The USAID evaluation of aid to Costa Rica (see Chapter 11), for example, was notable in using an anthropological study from the 1950s to establish a baseline: an AID-commissioned restudy could then measure social and economic changes from this point and assess the degree to which US assistance had contributed to these changes. The review of the relevant country-specific academic literature, economic forecasts and national social development indicators could profitably be carried out by a coalition of donors, as donor sensitivities are least acute with regard to this analysis of the "external environment".

Most CPEs examine only a portion of country programme elements in depth (that is, addressing issues of effectiveness or impact rather than just relevance and efficiency). Even in the three-year evaluation of aid from the Netherlands to Egypt (a programme which represented only 1% of total ODA (Official Development Assistance) to Egypt -- see Chapter 3), the evaluators found it possible to examine only a purposively-selected sample of aid components rather than all components. However, a good documentary review provided the basis for the rational selection of country programme components. By choosing the largest projects first and ensuring that these projects were drawn from across the range of modalities (project and programme aid) and sectors, the evaluators ensured that they were able to base their conclusions upon an examination of some 70% of all disbursements given by the Netherlands to Egypt between 1975 and 1996 (IOB, 1999: 2).

An alternative is to sample purposively on the basis of ease of evaluation. IDB's "evaluability analysis" tool provides a useful guide to evaluators adopting this approach.

Participants were divided about the value of rating or scoring systems. The fact that the World Bank, the donor probably most closely associated with the routine use of such systems, appears to be retreating from this approach in its CARs sounded a cautionary note. On balance, however, most of those at the Vienna Workshop seemed to believe that ratings or scorings were necessary, particularly as a tool for transparency, and saw the shift away from this approach in World Bank CPEs as problematic. It was acknowledged, however, that there were problems involved in making them objective and consistent. Perhaps the best that can be hoped for is that ratings are comparable within any given CPE report: there is no doubt that there is an evaluator effect on ratings. It is possible but hard to compare these numerical expressions of subjective judgements between CPEs conducted by different evaluators of different country programmes. Ratings can only ever be a complement to a detailed description and analysis of aid performance: they can never substitute for it as a stand-alone measure and should not be averaged to produce an "overall" measure of country programme performance.

13 On ways in which to integrate perspectives from anthropology with other sources of insight in a policy-relevant manner, see for example Booth *et al*, 1999.

Box 1.2: Approaches to country programme evaluation

Two possible approaches to country programme evaluation are described. These are “ideal types”, describing opposite ends of a spectrum. Most real-world CPEs fall somewhere in the middle of this spectrum. Nonetheless, they are provided to guide donors in planning CPEs.

An ambitious or “heavy” CPE is defined as one which looks at impact, examines both the majority of CP components and overall CP performance, and addresses a long period of donor-partner relations. Such an approach is most suitable and most rewarding when there is something of value to learn from a major CPE and good prospects of being able to learn this. Specifically:

The donor’s aid to that country is formulated as an integrated country programme rather than merely a collection of projects.

Good national development performance data are available (baseline and current).

The donor operates in relatively few countries.

The donor dominates aid to the country in question, aid plays a major role in the development performance of the country, and/or the country programme in question represents a significant part of the donor’s global activities.

The country programme is either representative of most other country programmes administered by that donor (when conclusions about aid effectiveness can be imputed to these other countries) or when it represents a pilot for a new approach (when the strengths and weaknesses of the new approach can be used when introducing it in other country programmes).

There is a good information base on the country programme (M and E database, clear reporting history, etc.) and activities lend themselves to comparison and scoring.

Time, money and skills are available for evaluation.

There are good prospects for co-operation with state and civil partner institutions and interest from these partners in the findings and recommendations of the evaluation.

It can be reliably scheduled to contribute to the formulation of a major new country programme or reasonably expected to have real influence upon the development of agency-wide approach.

A simpler or “light” CPE is defined as one which addresses only the relatively straightforward performance criteria (*e.g.* relevance and efficiency), concentrates upon recent, current and near-future activities, and aims for indicative rather than conclusive findings. It is most suitable when:

The donor’s aid to the country in question is dominated by individual projects for which there are existing evaluations: the CPE can confine itself to a review of these findings and an examination of their relevance and the degree to which projects are or could be integrated.

The donor operates in many countries, with no clear country focus.

The donor’s aid programme is small relative to the national economy, other donors or its global operations, all of which make impact evaluation hard and of relatively minor value.

The country programme is neither typical nor experimental, limiting the value of lessons that might be learned.

External constraints (lack of national information base, lack of partner interest, security considerations) make evaluation hard.

Findings and recommendations are needed soon.

Participatory methods which involve national partners appear to offer considerable benefits and are embraced for practical reasons as well as a matter of general principle. These partnership issues are addressed in more detail below.

The topic of impact evaluation was addressed by a separate group and is reviewed below.

Impact and attribution

For more lengthy and ambitious CPEs, the key conceptual-methodological issues are (see Box 4):

- How to identify and measure the impact of a donor country programme (when aid at this scale has impact over a long term and in complex ways, especially if one accepts that aid is intrinsically fungible).

- What yardstick should be used to come to conclusions about whether this constitutes poor, adequate or good aid performance. Typically, this involves a choice between i) comparing country-level impact to that achieved by other donors in the same country or ii) comparing it to that achieved by the same donor in another country. Neither of these may be strictly comparable.

Basic concepts in impact assessment

The study of impact involves identifying change; establishing a causal connection (attribution) between such change and aid; and measuring the magnitude of this change. Impact assessment is one of the largest challenges in all evaluations, but particularly so in country programme evaluation. At a project or sectoral level, there is generally an expectation that change can be both identified and attributed with a reasonable degree of certainty to one aid actor. At the opposite end of the spectrum, change at the international level (for example, in progress towards 21st Century targets) can be measured[14] yet most donors entertain no hope of attributing any specific part of this change to their own particular efforts. At the country level, however, where both the partner country and the donor organisation are used as the unit of account, there is a possibility that the impact of a specific donor's aid can be distinguished from that of other aid and non-aid processes.

Attribution and measurement of impact is however substantially harder at the country level than it is for the project or sectoral level. Country programme evaluation could be greatly facilitated if country-level goals for judging success are established at the outset of a country programme (or the start of a given cycle). Having said this, the discussion group on impact noted that there are many worthwhile aid activities, such as informal advice or aid co-ordination efforts, which cannot be defined precisely: there is a danger in choosing only those activities which can be evaluated, when others may also be valuable. Similarly, it was noted that improved flexibility in country programme management can make evaluation harder, yet this should obviously not be used as an argument for decreasing the flexibility granted to country programmes.

At the outset, then, it is recognised that assessing the impact of a country programme is inevitably more complex, costly and time-consuming than other forms of evaluation. However, for all the reasons outlined above, the effort is seen as justified. If impact at the country level cannot be established scientifically or precisely (*i.e.* cannot be measured), it can at least be estimated and described by postulating and testing logical linkages between aid activities and observed changes. This approach is apparent in, for example,

[14] Although the accuracy of such statistics and the degree to which they can be used to compare countries remain problematic.

the detailed breakdown of the effects of World Bank advice and assistance to the Philippines (see Chapter 9).

Differing approaches to the identification and attribution of impact

Figure 2 provides a conceptual sketch that relates donor activities, non-donor processes and change. The central message of this diagram is that aid results in change in numerous and complex ways which may be hard to trace. It also draws attention to the fact that aid is generally not the central influence upon change: trends and shocks in the global economy, the capacity and will of the partner government and other non-aid factors are of key importance in explaining change, with aid generally influencing these processes only at the margin.

The ideal approach to impact assessment would thus be “top-down”, looking at change in national conditions (economic performance, social development indicators, etc.) and only then looking at what part(s) of this change could be attributed to aid activities. This approach is described in Figure 2 as an inductive or historian’s approach. It could in theory proceed without a statement of country programme goals, *i.e.* bypassing the *a priori* cause-effect linkages required for logframe analysis. It requires the construction of a counterfactual scenario -- a hypothetical model, either qualitative or quantitative -- of what the national situation would have been in the absence of aid.

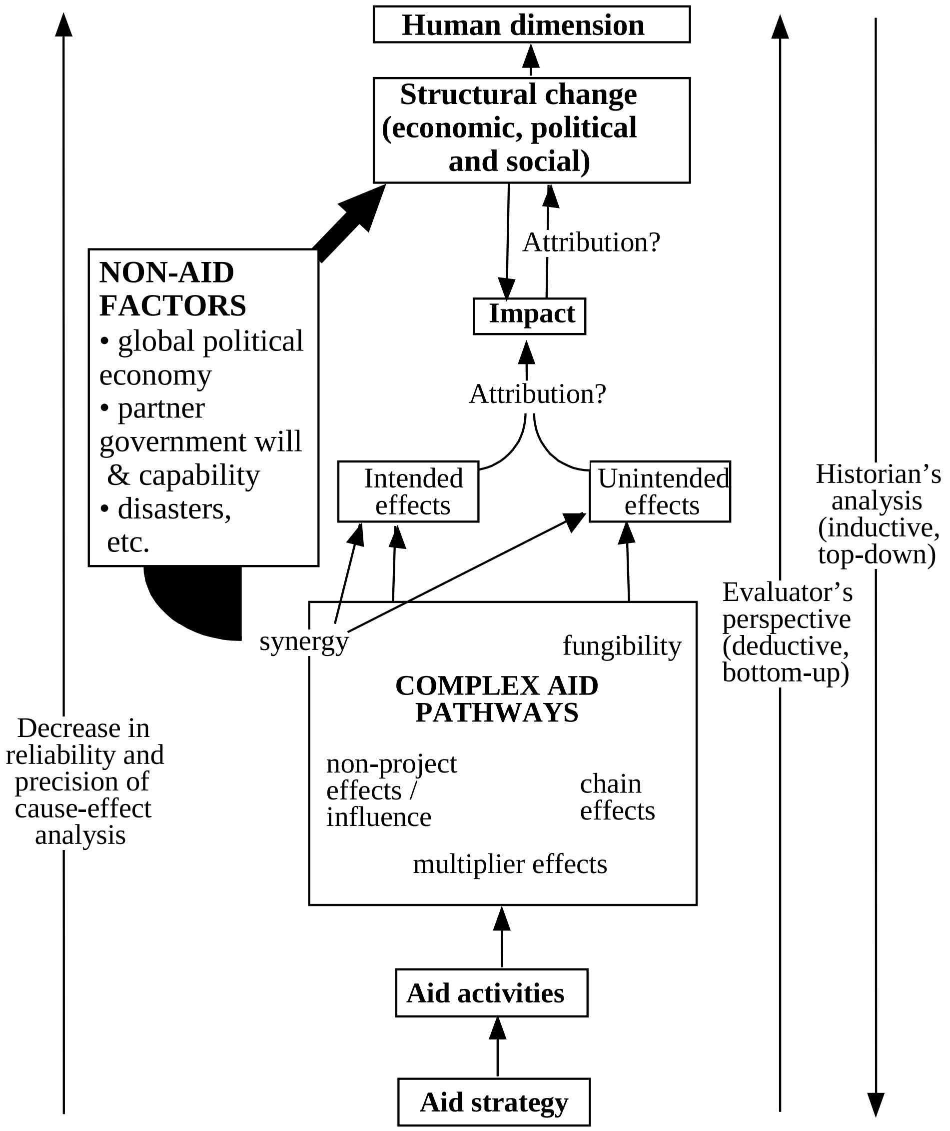
Unfortunately it is extremely hard to construct a counterfactual case at the country level. The IDB paper circulated at the Workshop summarised five approaches to the modelling of a counterfactual in CPEs produced by the multilateral development banks. These are presented in Box 3 below.

Box 1.3: Approaches to the construction of a counterfactual

1. **Long-run growth models:** forecasts based upon cross-sectional data and a limited number of assumptions with regard to demographics, resources and technology. Does not account for factors such as external shocks which might change the pattern of growth.
2. **Large-scale econometric models.** Simulations are run on multi-equation econometric models of the national economy (where such exist) to compare performance with and without assistance.
3. **Country comparisons:** comparing the performance of countries with similar baseline characteristics, one of which received aid and one of which did not (see below).
4. **Induced implicit assumptions:** the evaluator uses his or her assumptions about what explains unsuccessful operations to approximate what the situation would be in the absence of that operation.
5. **Ex-ante counterfactual:** at the initiation of a country programme donor staff should ideally prepare predictions of future country performance likely to occur in the absence of the donor's operations. Country performance is subsequently compared to this and the difference attributed to aid.

(Summarised from IDB, 1999b: 4)

Figure 2.2: Conceptual model of causality between aid and development



Source: Authors.

As listed in Box 3, a comparator provides a methodological short-cut to the construction of a counterfactual. If two similar cases can be identified which demonstrated similar initial conditions and trends and only one then received development assistance, the impact of aid is "read off" – attributed – from the difference between the case with and the case without. At a project level, it is possible but hard to establish a counterfactual (*e.g.* by comparing change in a village which receives assistance and one which does not). At a sectoral or country level, it is harder still because i) very few countries will receive no aid or aid from only one donor; ii) there are a great number of internal and external influences upon changes at the country level; and iii) the interaction between various causes and observed effects are extremely complex (*e.g.* synergistic and sequencing effects)[15]. Some donors have nevertheless attempted such an approach (see the evaluation of American aid to Costa Rica, Chapter 11).

An inductive approach which sought first to identify change and then to identify the causes (aid and non-aid) which explain that change would introduce more balance into the aid-centric picture of development that often emerges from aid evaluation.

However, it is not practical for most donors. Instead, most CPE evaluators will of necessity concentrate their evaluation resources upon a more narrow, deductive study working outwards (or upwards) from their own country programme activities[16]. This is the second approach sketched in Figure 2, described for convenience as the "Evaluator's perspective". These two ideal types, describing polar ends of the spectrum of approaches, are however useful guides: some CPEs will have a broader approach, falling closer to the inductive end of the spectrum than others.

In most cases it will be very difficult to put real figures to aid impact at the country level. The World Bank, whose assistance perhaps lends itself to quantification more than that of most donors, has stated that it is only possible to estimate an economic rate of return for one-third of all Bank projects. However, if it is impossible to measure or even trace in detail all the complex effects of aid (intended and unintended, positive and negative, short- and long-term), it is still possible to obtain some reasonably good impressions of impact: a qualitative, indicative, reasoned statement about the links that are seen to exist between aid and observed changes. Impact here is seen as lying only a little beyond effects (the immediate and quantifiable outcome of intervention), although obviously this varies depending upon the type of aid activity.

Two different broad approaches to country programme evaluation started to emerge from the conference. One looks at individual projects and aggregates the findings, and the other at the country programme as a whole. The former is essentially additive, using more conventional evaluation techniques to look at a representative selection of projects; the latter is basically subtractive, looking at the overall achievements of the country and attempting to explain what part of national success and failure can be attributed to the influence of the donor's aid.

Which of these two approaches is adopted depends largely on context. The former works best when the country programme is small in relation to national GDP, to total capital flows and/or to other donors. When the donor in question clearly dominates aid to the partner in question and aid is a major factor in the partner economy, then the second, broad-brush approach may be more rewarding. This was the case in, for example, the study of USAID's development assistance to Costa Rica. The overall argument that USAID had made a difference was based upon broad comparisons (with the situation in the 1950s, with other countries in the region, and with forecasts made in the early 1980s before a new phase of American aid began). Change (the before and after) and comparator-based and *ex-ante* counterfactuals (models of with-and-without) were used to support a general claim that assistance had made a difference[17]. Examination of

15 IDB (1999b: 4) notes that Vietnam provides a good counterfactual, as it received little aid through the late 1980s and 1990s. (It nonetheless demonstrated high growth rates and a relatively equitable distribution of the benefits of growth among the population).

16 It was in recognition of the need for an deductive approach to country-level impact assessment that there was some support for the assertion that it was possible to distinguish research from evaluation, and that impact assessment was a task for the former (Conway and Maxwell). In general, however, this distinction between ideal types was seen as too rigid, and impact assessment (possibly measured at a project or sectoral level, reasoned at a country level) *was* seen as a legitimate task for evaluation.

17 For the comparator-based counterfactual, the evaluators compared the performance of Costa Rica (a major recipient of American aid) with the average performance of Central American and Latin American countries (which received far less)

particular components of the aid relationship was then used primarily to find explanations for the general impact -- on growth, integration to global information flows, living standards -- that emerged at the national level and in the sociological studies of change in two study villages.

The USAID/Costa Rica case study is somewhat unusual with regard to impact evaluation. Few bilateral donors will dominate assistance to a given country to the extent that USAID did in Costa Rica. Most will have to approach country programme evaluation by looking at aid impact in a number of discrete sectors or geographical regions in which they work. In this more common situation, it is also necessary to look at more intangible, non-project impacts (influence upon policy exercised in informal, unwritten ways through relationships built up over a long period), but the impact of aid cannot simply be read off from change in national performance aggregates. The Netherlands-Egypt CPE (see Chapter 3) is an example of this kind of "additive" study: providing only 1% of total aid to Egypt, the Netherlands could not hope to claim credit for a major influence beyond the project or sector level. Swiss aid to Tanzania (see Chapter 4) would be another example.

An interesting alternative approach to attribution and counter-factuality is mentioned in the French presentation (see Chapter 6). French co-operation evaluated the impact of politically-driven suspensions of aid to Haiti, Togo and Zaire. This "reverse" approach is a potentially useful complement to conventional CPEs, albeit one which can obviously only rarely be used and presents its own conceptual and logistical challenges.

The theory and politics of fungibility

Participants were divided on the value of the concept of fungibility. Acknowledging the existence of fungibility encourages evaluators to consider that the effects of aid may be more complex than the logical framework of programme design would suggest. Taken to the extreme, the idea of fungibility -- the argument that it is volume of aid (in a good policy environment) rather than its form that matters -- implies there is little distinctive role to be played by aid, as the same advantages could be obtained by private capital flows. A wholesale acceptance of the fungibility of aid is thus politically problematic: neither parliaments nor general publics will find it easy to accept that aid "does something" but not that for which it is designed.

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over the same period. The USAID team also uncovered a World Bank forecast of Costa-Rican and Uruguayan development scenarios from the early 1980s, prior to the commencement of a large USAID macroeconomic assistance programme, and compared this *ex-ante* forecast at baseline to actual change following the initiation of aid. The value of this approach depends, of course, upon the assumption that the forecast itself is reliable.

Box 1.4: Influences upon the capacity to identify and measure the impact of a country programme

Degree to which aid flows dominate the economy (nationally, sectorally, regionally) or share influence with domestic investment (private and public) and private international capital.
Degree to which the donor in question dominates aid (nationally, sectorally or regionally) *i.e.*, degree to which effects of that donor's aid can be isolated from effects of aid from other donors.
Nature of aid instruments in the country programme (project, programme, technical assistance, etc.).
Nature of the sectoral focus of the country programme (impact seen sooner in productive sectors than in health, education or administration sectors).
Country programme has maintained a consistent focus (sectoral, geographical or thematic) and approach over a long period.
Quantity and quality of baseline and current information on development performance (macroeconomic, human development indicators) by which to measure change.
Resources (time, analytical skills and money) available for CPE data collection and analysis and quality of country programme information systems [records of programme decision-making, M & E (monitoring and evaluation) database etc.].
Availability of suitable component comparators (projects of similar type run by partner government, NGOs or other donors in country in question or by the same donor in other countries).
Availability of suitable national comparator(s): country or countries with similar natural resource endowments and socio-cultural, economic and political systems at baseline, which have not received aid, for which good baseline and current information are available.

Attribution (the identification of a relationship between aid activity and positive change) therefore serves two purposes: it is a practical tool for aid managers but it is also a strategic device in making the case for aid. More importantly, aid does vary in the degree to which it is fungible: knowledge transfers are less fungible than material transfers, and certain modalities of material transfer are less fungible than others.

Partnership and donor co-operation

It is possible to distinguish two potential forms of co-operation in country programme evaluation. The first (and that which attracted most attention at Vienna) concerns the potential for partnership between the donor and the intended beneficiaries of donor aid. The second and to date relatively neglected aspect of co-operation in country programme evaluation concerns the potential for joint evaluation involving two or more donors to a given recipient country.

Partnership in country programme evaluation

The aid relationship between donor and recipient is inherently one of unequal power. An explicit commitment to the participation of national partners (both state and non-state) is necessary to avoid some of the unhealthy effects that might arise from this inequality. Partnership can be seen as valuable in prosaically methodological terms, as a means to the end of more insightful evaluation: for example, partner governments can often provide useful insights into how one donor compares to another and a means of benchmarking[18]. More importantly, partnership is for many donors a matter of principle connected to more

[18] Government officials participating in scoring exercises in Ethiopia provided valuable insights into the relative strengths and weaknesses of different donors.

general concerns with aid formulation and implementation. Partnership in country programme evaluation is seen as a way of improving the quality of aid by incorporating (or at least recognising) the views and resources of various stakeholders. As a forum for the expression of different opinions, a country programme evaluation can provide a valuable opportunity to foster a sense of shared commitment to a common goal; consultation in country programme evaluation can build trust among the donor, partner government and intended beneficiaries. This emerged strongly in the review of the Swiss experience with country programme evaluation in Tanzania (see Chapter 4). By corollary, if mishandled, a country programme evaluation can make stakeholders feel excluded and damage the relationships necessary for success in country programming.

A CPE can itself serve as part of the aid delivered through the country programme: the research process and the presentation and discussion of conclusions can provide an opportunity for donor and partner government to clarify their perspectives and positions. One partner country participant noted that one donor's CPE can also throw light on the work of many donors working in the same country. CPEs should be seen as an episodic but integral element of country programming.

If there are strong arguments for partnership, there are also practical limitations to the degree of effective co-operation between donor and partner which can be achieved. As in other forms of evaluation, the meaning of participation in country programme evaluation must be carefully specified. There are many potential partners, who may not necessarily agree in their judgements on the strengths and weaknesses of a given country programme. The perspectives of the partner government, through which the majority of ODA is still channelled, may be different from the perspectives of those who are intended to be the ultimate beneficiaries of aid, namely the civil population (and especially the poor).

In reality, differences in opinion between different partners may be more complex than this. Neither states nor civil societies are ever monolithic: different segments of the state (politicians, line ministries, local government) and society (ethnic groups, classes, regions, occupational groups, businesses, NGOs) will have different ideas and capacities which they can bring to the partnership with the donor (whether in implementation or evaluation). There is a need to think in more detail about what is meant by partnership, who are the partners in the country programme and who could be the partners in country programme evaluation (ideally but not necessarily the same actors), and how they might participate in evaluation.

This point is developed well in the review of practices in the MDBs (see Chapter 5). It was noted that country ownership of the country programme and country programme evaluation (which implies a more significant transfer of power than "partnership") is an essential but complex process involving "social buy-in, government accountability and political legitimacy" (MDBs Evaluation Co-operation Group, 1999: 5).

The degree of partnership which can be achieved in researching, writing and acting upon a country programme evaluation is also limited by the nature of the CPE itself. The donor pays for the CPE exercise which, whatever else it may be, is conceived as a management tool to be used by the donor to improve both the country programme in question and (through more generalisable lessons about concept, design and implementation) agency-wide approach and management[19]. A CPE is also intended as a means by which to hold bilateral agencies accountable to Parliament and taxpayers. However, if the process and product of country programme evaluation will always be bounded by the interests of the donor, there are nonetheless ways in which participation of the intended beneficiary can be increased within this frame.

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19 This was stressed particularly strongly by the French (see Chapter 6) who argue first that "the purpose of CPEs is to assess French co-operation policy, not beneficiary country policy" (a distinction which may be too rigid if it accepted that donor policy can only be effective if sustained over the long term *through* promoting good partner policy); and secondly that "many countries do not have the skills or resources to set up a body of evaluators...[the necessary] degree of expertise does not exist in Southern partner countries". Despite these cautious statements, the latest French CPE (in Cape Verde) appears to involve a much higher degree of partnership than previous exercises.

The degree of co-operation which can be achieved may also be constrained by the nature of the partner State. There are occasions in which the donor has legitimate reason to doubt the capacity or willingness of the partner government to co-operate fully in the conduct of either the country programme or the evaluation of that country programme. Participation in a CPE exercise can impose a heavy burden upon weak States under-endowed with financial and human resources. However, several basic forms of facilitative partner consultation, such as the matrix scoring of donors by government officials in Ethiopia, would seem to offer a relatively "light" way of incorporating partner input without too heavy a burden on government time or money. The lack of partner will is a more serious obstacle to CPE partnership than the lack of partner capacity. Several donors noted a lukewarm enthusiasm among the partner government to proposals that they participate in a CPE exercise: many partners preferred to respond to an independent donor CPE with specific comments or criticisms.

To summarise, there is much to be gained from greater participation of partner actors (state and non-state) in the production and use of country programme evaluations (see Box 5). It was emphasised by the Egyptian and Tanzanian representatives that participation in the CPE process was welcome and did improve both the CPE and the country programme. However, more could be achieved if a greater degree of participation was incorporated into the country programme in the first place. Ultimately, achieving a greater level of partnership implies a shift in the rationale for CPEs, from one defined in terms of institutional accountability to one of stakeholder management of change.

Box 1.5: The case for partnership

1. Complements insights from agency personnel with insights from non-agency stakeholders: the intended beneficiaries and the state and civil institutions through which aid is delivered to them.
2. Provides the basis for the construction of comparators: obtain partner perspectives upon how the donor's aid compares to that of other donors by key criteria.
3. Facilitates ownership of the CPE findings and makes adoption of the recommendations more likely.
4. Can provide an opportunity for skill transfer, building up partner capacity to evaluate donor aid.
5. Insights from evaluation of one donor's country programme can be used by partners as a guide or benchmark in evaluating quality of other donor's country programmes.
6. Joint or multi-donor country programme evaluation.

An examination of the distribution of CPE reports as classified by the partner/recipient country which is the subject of the evaluation shows, as noted above, a marked concentration upon certain countries. Nepal, Sri Lanka and Zambia have each been subject of four separate CPE reports; eight reports have been written about country programmes in Tanzania. There is an obvious risk that multiple donor CPEs in one country result in the unnecessary duplication of effort; that the same, under-resourced government ministers or NGO representatives will have to spend time answering the same questions from many donors. A workshop in Tanzania would appear to confirm this suspicion. Four donors compared the findings of their Tanzanian CPEs and found them to be remarkably similar. This was particularly pronounced (unsurprisingly) in their analysis of the country situation (poverty profile, government policy, economic growth prospects); interestingly, however, the CPEs also came to very similar conclusions about what donors themselves did right and what they did wrong.

This suggests that there is potentially much to be gained from two or more donors co-operating in a joint country programme evaluation (see Box 6). This approach can be pitched at several levels:

- Co-operation in the production of the country situation analysis.

- Co-operation in the analysis of sectoral performance, or in the performance of projects with similar goals.

- Full-blown joint evaluation.

It is important to note that differences in rationale do *not* have to preclude joint evaluation work. It is also not inconceivable that donors could find ways in which to co-operate in the process of country programme evaluation even if they write separate country programme evaluation reports. There is also scope for "*post-facto* co-operation," or the systematic sharing and comparison of CPE findings produced by different donors.

Box 1.6: The case for multi-donor collaboration on country programme evaluation

1. Reduces duplication of effort in background context analysis: research into national problems, opportunities, current and forecast performance can profitably be shared.
2. Reduces the burden upon partner stakeholders, who need only meet with evaluators once.
3. Each of the agencies involved obtains access to the other(s)' M & E findings, *i.e.* obtains comparators against which to benchmark its own performance.
4. Opportunity for donors to learn from each other (both in aid effectiveness and in country programme evaluation).
5. Opportunity for donors to build on co-ordination in country programme evaluation to achieve greater co-ordination in design and management of aid.

The logical solution would be to combine the two aspects of partnership, so that a multi-donor evaluation is executed with the involvement of partner country groups (both state and civil). Here, however, the problems are compounded: in particular, partners may see donors as "ganging up" to impose an agenda (so that the result is a negative rather than positive change in the level of trust between donors and partner).

Conclusions and future directions

CPEs completed to date have demonstrated a diversity of specific rationales, a wide range in the timespan and resources which donors are prepared to commit and considerable variation in the particular characteristics of a country situation and country programme design.

It was argued in the review paper that the basic rationale for a CPE is to assess a coherent country programme. The case studies presented at Vienna suggested that while this was the most important role of CPEs, the relationship between CPE (broadly defined) and country programme (again, broadly defined) could also be conceived in different ways.

Several donors, for example, have used CPEs (often of a type emphasising country situation analysis) to *initiate* country programming. In establishing or reviewing partner country needs, CPEs can reinforce consistency, coherence and predictability of agency approach, even if this is not formulated as a singular country programme administered through a national office. The agency can refer to these plans or policies when resisting pressure to adopt projects which reflect the idiosyncratic interests of politicians or programme officers, businesses pushing for contracts, or elite actors in the partner country[20].

The specific purposes for which a CPE is intended (the rationale) and for which it is subsequently used (not always the same) can be defined in terms of the level(s) at which it is intended that the CPE should influence practice. Differences in rationale and use can also be defined in terms of the balance between the importance attached to accountability, learning and planning. Although there is much overlap, there are also points of divergence: a relatively "light" self-evaluation exercise (as favoured by the Swiss, for example) can identify major lessons in a relatively short period of time, whereas one intended to trace and (ideally) measure aid impact in order to account to a Board or Parliament will require a more lengthy and expensive process.

The different perspectives upon the relationship between CPEs and country programming shifted the emphasis in the definition of and rationale for country programme evaluation somewhat away from that provided in the review paper, broadening it slightly. It is important to see country programme evaluation as part of a longer and broader process of formulation, implementation and feedback operating at several levels (project, country, agency-wide, donor community and development theory).

Country programme evaluations are likely to have the greatest impact upon practice if they feed back rapidly into policy dialogue and programming and if partners can and do participate substantively in both country programming and country programme evaluation.

There are also numerous ways in which insights could be improved and costs reduced if donors were to overcome the obstacles (donor and partner) that stand in the way of multi-donor CPEs. If donors are unwilling to open their country programmes to external scrutiny through participation in joint evaluations, then they can at least profit from sharing the cost of a background context/needs analysis exercise.

The diversity of contemporary practice in country programme evaluation was seen by the participants at the Workshop as a healthy phenomenon. The differences in donor and country programme goals and management systems mean that it is impossible to derive recommendations for best practice which will be valid for all types of CPEs. Instead, Box 7 presents a set of guidelines to good practice for certain situations or items that should be considered in formulating a country programme evaluation[21].

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[20] It was noted that it is not unknown for German aid activities to be initiated thanks to the personal intervention of politicians who return from foreign holidays with pet project ideas based upon what they have seen or heard. (This is not unique to Germany.) This is, obviously, not a reliable approach to the formulation or implementation of aid. Referring to a country programme document based upon sound national needs, analysis can help aid administrators to resist this piecemeal approach.

[21] Another outcome of the final session was the confirmation of considerable support for a further research project which would examine the substance rather than just the methodology of the CPEs collected by the ODI team.

Box 1.7: Recommendations for good practice in country programme evaluation

1. The terms of reference (ToR) for a CPE should clearly state the purposes (input to country planning) or provide a more general agency review of "lessons learned"); the timing; the criteria to be used; and the ways in which the findings are to feed into policy or practice (approval, dissemination and follow-up procedures).

2. The ToR should clearly specify the goals against which country programme success or failure must be judged (*e.g.* poverty reduction, growth in certain sectors). These goals may be those of the individual projects; of the country programme (if a country strategy is in existence); or of the agency as a whole. If the CPE is to examine more than one level of goals, or if goals have changed over time, it should address specifically the complementary or contradictory relationships between goals at different levels.

3. The terms of reference for CPEs should generally require the evaluators to consider the influence of systemic issues i.e. policy and administrative constraints affecting the programme, on both the donor and recipient sides. Appropriate expertise, time and access should be allotted to these tasks.

4. The identification of valid comparators, essential to all evaluation, is harder at the country programme level. If a number of donors were to carry out CPEs jointly, then this would provide each with benchmarks against which to judge their own performance. Even if it is hard to obtain a valid comparator for the full country programme, evaluators should seek to obtain programme, sector or project evaluation reports from other donors. This will allow at least some elements of country programme performance to be benchmarked.

5. Detailed analysis of impact is always desirable but may be beyond the scope of some CPEs. Donors should design CPEs on the basis of what is feasible and justifiable in a given situation: when impact evaluation is impossible or can only be obtained at a prohibitive cost, this should be acknowledged and the goals of the CPE limited, realistically, to a rigorous examination of the relevance, efficiency and sustainability of the country programme.

6. Mechanisms to strengthen donor-recipient partnership include: consultation prior to design of ToR; partner-country or joint partner-donor advisory groups; presentation of draft findings to stakeholder groups for review; and invitations for a formal partner reaction to draft and final documents. Whoever manages the CPE, the team carrying out the study should consist of nationals of both the donor and recipient countries.

7. The widest possible stakeholder consultation and involvement is required in CPEs. In addition to informal interviews, consideration should be given to using customer surveys, focus group discussions and/or field-based participatory methods.

8. Reporting and follow-up procedures should be specified in advance. Normally, CPEs will be discussed either by senior management, by the governing body of an institution, or by the donor Parliament. There is a strong case for circulating them to other country programmes run by the donor. Unless there are specific and compelling reasons to do otherwise, they should also be made available to the taxpaying public, other donors working in the same country and implementing partners such as NGOs.

APPENDIX 1.1
STRUCTURE OF THE VIENNA WORKSHOP ON CPEs, MARCH 1999

Thursday, 11 March 1999

9.30 - 11.00 Opening session

Chair: *Ms. Brigitte Dekrout*

Welcome by Austrian authorities

Welcome by *Mr Niels Dabelstein*, Chair of the WP-EV

Country programme Evaluation: A State of the Art Review, by Mr S. Maxwell (ODI, UK)

Discussion

11.00 - 11.15 Coffee break

11.15 - 12.00 Plenary Paper Session

Chair*: Mr Hou Sing TSE*

Country programme Evaluations in Netherlands' Development Assistance: the case of Egypt, by Mr J. Sterkenburg (NL) and comments by Ambassador R.S. Hassan (Egypt). (15 minutes)

Country programme Evaluations in Switzerland's Development Assistance: the case of Tanzania,
by Mrs E. Vokral (Swz.) and by Ms. C. Lema and Ms. E. Lema (Tanzania). (15 minutes)

12.00 - 13.00 *Working groups*

Discussion will be organised in the following working groups, which will be composed of about 15 members and a facilitator.

1) Rationale, purpose and use;
2) Methods, approaches and evaluation criteria;
3) Impact assessment and attributions issues;
4) Working together: role of partners and other donors.

Each working group will have a facilitator, who will be responsible to report back on one of the themes indicated above. Participants are free to choose a different working group after each session.

13.00 - 14.30 Lunch break

14.30 - 15.30 Plenary Paper Session

Chair*: Ms. Hedy von Metzsch*

Country Assistance Evaluation in the Multilateral Development Banks: Approaches, Instruments and Emerging Practices, by Mr. C. Szabo (*IADB)*

The French experience with country programme evaluations, by Ms. S. Paillet (France) and comments by Mr. C.F. Smeddo (Cape Verde)

Country programme Evaluations in EU's Development Assistance: the case of Russia, by Mr. E. Caputo and Mr. Pennington, and comments by Mr. A. Kochegura (Russia)

15.30 15.45 Coffee break

15.45 17.30 Working groups

Discussion in working groups continues.

19.00 Reception hosted by the Austrian authorities

Friday: 12 March 1999 9.00 - 10.30 Plenary Paper Session

Chair: *Ambassador R. Hassan (Egypt)*

Country Assistance Strategy as a Management and Evaluation Instrument for Donors: Some Conclusions Drawn from German Experience, by Mr G. Ashoff (GDI)

Real Progress: Fifty Years of USAID in Costa Rica, by Mr. J. Fox (USAID)

The Anatomy of Country Assistance Evaluation - Case Study of the OED Philippines CAR, by Mr. G. Zanini, WB

10.30 - 10.45 Coffee break

10.45 - 12.45 Working groups

Discussion in working groups.

(12.15 - 12.45 Facilitators meet to sum up the discussion which took place in each Working Group)

12.45 - 14.30 Lunch Break

14.30 - 15.45 Plenary Session

Chair: Mr Reto Wieser

Facilitators of the working groups share results with the whole group followed by discussion.

Mr. T. Kliest (Netherlands): *Rationale, purpose and use* (10 minutes) followed by discussion (15 minutes).

Mr. Dessalien (France): *Methods, approaches and evaluation criteria* (10 minutes) followed by discussion (15 minutes).

Mr. C. Raleigh (UK): *Impact assessment and attributions issues* (10 minutes) followed by discussion (15 minutes).

Mr. P. Kuthan (Austria)*: Working together: role of partners and other donors* (10 minutes) followed by discussion (15 minutes).

15.45 - 16.00 Coffee break

16.00 - 17.00 Concluding Session

Chair: *Mr. Niels Dabelstein*

Summary and conclusions: by Mr. Reto Wieser.

Implications for the Working Party: by Mr. Hans Lundgren.

Closing remarks by Ms. B. Dekrout.

Notes: Overall facilitator: Mr. Reto Wieser, Switzerland.

Facilitators for the Working Groups: Mr. Christian Dessalien, France; Mr. Ted Kliest, Netherlands; Mr. Peter Kuthan, Austria; Mr. Christopher Raleigh, UK

APPENDIX 1.2
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CHAPTER 2

COUNTRY PROGRAMME EVALUATION:
A STATE OF THE ART REVIEW

A Desk Study Prepared by Tim Conway and Simon Maxwell*,
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Introduction

Country programme evaluations (CPEs) have come to be increasingly important, as donors attempt to rationalise and consolidate their aid activities through country programming. Recognition of this led to the first systematic analysis of CPEs at a seminar held by the DAC Expert Group on Aid Evaluation, in Vienna, in May 1994. At that time, only a few donors had completed a significant number of CPEs. A second seminar, once again in Vienna, was held in March 1999. This paper is a contribution to that seminar. It reviews the field of country programme evaluations and attempts to describe the range of approaches adopted.

Two broad questions underpin the study. First, is country programme evaluation worthwhile? Secondly, if it is thought to be of value, how should it be carried out? To the first question we would answer “yes”, but with some caveats. CPEs can indeed play an important role as one among several evaluation instruments available to donors, but their potential contribution depends heavily upon a number of variables. On the second question, we find a wide variety of approaches. Preliminary conclusions on what constitutes good practice under given circumstances are presented at the end of the chapter.

It should be emphasised that the study can only provide a preliminary overview. First, the field of country programme evaluations is still quite new: lessons and pointers towards best practice are only starting to emerge (IDB, 1998: ii). Secondly, the information base for our findings is relatively small. This is partly because there is only a small population of CPEs (compared to other forms of evaluation); partly because we have only been able to obtain about two-thirds of those CPEs we know to exist; and partly because there has not been enough time to review thoroughly all of those we have received.

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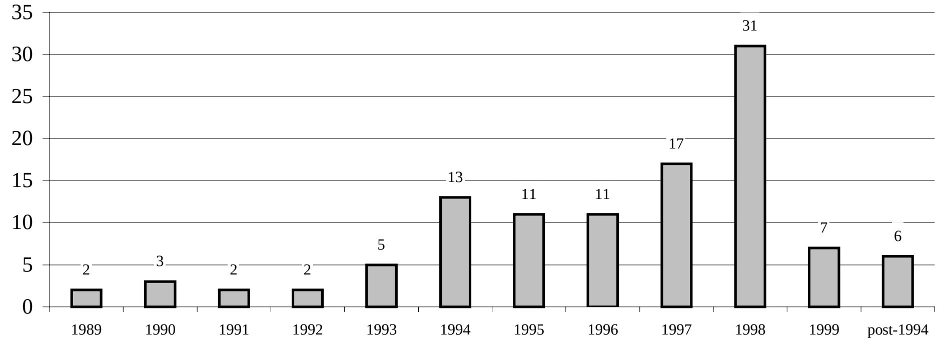
*This study was prepared over five weeks in January and February 1999, under contract to the Development Co-operation Directorate of the Organisation for Economic Co-operation and Development. The findings are based on a desk review of materials provided by the Evaluation Service of the Directorate, and by DAC members, as well as on a small number of interviews with members of aid agency evaluation departments. We would like to express our thanks to all our informants, and especially to Hans Lundgren and Maria Iarrera of the OECD, for their help and support. We also received helpful comments from other steering committee members, Chris Raleigh (UK) and Ted Kliest (the Netherlands). We alone are responsible for the contents of the report.

On the basis of a broad definition of what constitutes a CPE, we have identified 110 in existence (14 dating from before 1994 and 96 produced between 1994 and the present). These 110 are summarised as a matrix of donor and partner country in Table 2.1 and listed in full (by title, donor, partner country and year) in Appendix 2.1. We have been able to obtain 67 of these (of which 58 date from 1994 or later). Of these, we were able to review 25 in the time available to us. A column in Appendix 2.3 notes which reports were included in the sample.

Even allowing for the fact that recent reports are easier to obtain than old reports, it is clear that there is a trend among donors towards more country programme evaluations. This is illustrated in Figure 2.1.

Given i) the time available to us and ii) the nature of the CPEs as institutional products which are somewhat standardised within any given donor, we selected our sample purposively rather than randomly, prioritising the lengthy and in-depth CPEs of the major actors, but including also a selection of shorter studies. Each of the 25 CPEs we reviewed was summarised by means of a short coding sheet. This is reproduced as Appendix 2.4.

Figure 2.1: Number of CPEs completed by year, 1989-1999



Note: 'post-1994' refers to undated studies
(all World Bank CANs referred to in secondary literature: see Appendix 2.2).

Source: Authors.

The presentation of our results needs some discussion. We do not claim that our findings are *statistically* representative. Instead, having covered a representative sample of CPEs, we are confident that we can present a reliable picture of the range of approaches and experiences in contemporary CPEs. While we have included analysis of what proportion of CPEs reviewed can be said to fall into one category or another for any given criterion (presented as tables), we have also sought to provide examples of what these categories mean in practice (summarised in boxes).

Apart from the country programme evaluation reports themselves we drew on three different kinds of material in identifying themes and issues in contemporary CPE practice:

- Papers prepared about the art-form of CPEs. This included the conclusions of the first Vienna meeting, manuals or guidelines by donors (Japan, UNDP) review papers on the subject (IDB, WB), and background papers produced for specific donor exercises.

- Wider material about evaluation, including manuals, reviews, and DAC guidelines.

- Literature on aid and aid impact, especially the recent literature on aid effectiveness.

In the time available, we have concentrated on CPEs and papers about CPEs. However, a bibliography of all the material consulted is included at the end of the chapter.

Table 2.1: Country programme evaluations by donor and partner country

	Aust-ralia	Austria	C/wealth	Denmark	EU	Finland	France	IDB	Ireland	Japan	Nether-lands	Norway	Sweden	Switzer-land	UK	UNDP	World Bank	**Total CPEs**
Albania	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	*	**1**
Argentina	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	*	**1**
Bangladesh	.	.	.	.	.	.	.	.	.	*	*	.	.	**	.	.	*	**5**
Benin	.	.	.	.	.	.	*	.	.	.	.	.	.	*	.	.	.	**2**
Bhutan	.	.	.	.	.	.	.	.	.	.	.	.	.	*	.	.	.	**1**
Bolivia	.	.	.	.	.	.	.	.	.	.	*	.	.	*	.	.	*	**3**
Botswana	.	.	.	.	.	.	.	.	.	.	.	.	*	.	.	.	.	**1**
Burkino Faso	.	.	.	.	.	.	*	.	.	.	.	.	.	*	.	.	.	**2**
Cambodia	*	.	.	.	.	.	.	.	.	.	.	.	*	.	.	.	.	**2**
Cameroon	.	.	.	.	*	.	.	.	.	.	.	.	.	.	.	.	.	**1**
Cape Verde	.	*	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	**1**
China	**	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	**2**
Cote d'Ivoire	.	.	.	.	*	.	.	.	.	.	.	.	.	.	.	.	*	**2**
Dominican Rep.	.	.	.	.	.	.	.	*	.	.	.	.	.	.	.	.	.	**1**
East Caribbean	.	.	.	.	*	.	.	.	.	.	.	.	.	.	.	.	.	**1**
Ecuador	.	.	.	.	.	.	.	*	.	.	.	.	.	.	.	.	*	**2**
Egypt	.	.	.	.	.	.	.	.	.	.	*	.	.	.	.	.	.	**1**
Ethiopia	.	.	.	.	*	.	.	.	*	.	.	.	.	.	.	.	.	**2**
Georgia	.	.	.	.	*	.	.	.	.	.	.	.	.	.	.	.	.	**1**
Ghana	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	*	**1**
Guinea-Bissau	.	.	.	.	.	.	.	.	.	.	.	.	*	.	.	.	.	**1**
India	.	.	.	.	.	.	.	.	.	.	*	.	.	*	*	.	.	**3**
Indonesia	*	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	**1**
Jamaica	.	.	.	.	*	.	.	.	.	.	.	.	.	.	.	.	*	**2**
Kenya	.	.	.	.	.	.	.	.	.	*	.	.	.	.	.	.	*	**2**
Kirghizistan	.	.	.	.	.	.	.	.	.	.	.	.	.	**	.	.	.	**2**
Lesotho	.	.	.	.	.	.	.	.	*	.	.	.	*	.	.	.	.	**2**
Liberia	.	.	.	.	*	.	.	.	.	.	.	.	.	.	.	.	.	**1**
Madagascar	.	.	.	.	.	.	.	.	.	.	.	.	.	*	.	.	.	**1**
Malawi	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	*	**1**
Mali	.	.	.	.	.	.	.	.	.	.	*	.	.	.	.	.	.	**1**
Mauritania	.	.	.	.	.	.	*	.	.	.	.	.	.	.	.	.	.	**1**
Mauritius	.	.	.	.	.	.	*	.	.	.	.	.	.	.	.	.	.	**1**
Morocco	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	*	**1**
Mozambique	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	*	**1**
Myanmar	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	*	.	**1**

	Aust-ralia	Austria	C/wealth	Denmark	EU	Finland	France	IDB	Ireland	Japan	Nether-lands	Norway	Sweden	Switzer-land	UK	UNDP	World Bank	**Total CPEs**
Nepal	.	.	.	*	.	.	.	.	.	*	.	.	.	**	.	.	*	**5**
Nicaragua	.	.	.	.	.	.	.	.	.	.	.	*	*	**.	.	.	.	**4**
Niger	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	*	.	**1**
Pakistan	.	.	.	.	.	.	.	.	.	*	.	.	.	*.	.	.	.	**2**
Palestine	.	.	.	.	.	.	.	.	.	.	.	.	.	*.	.	.	.	**1**
Papua New Guinea	.	.	.	.	.	.	.	.	.	*	.	.	.	.	.	.	.	**1**
Peru	.	.	.	.	.	.	.	.	.	*	.	.	.	**.	.	.	.	**3**
Philippines	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	*	**1**
Poland	.	.	.	.	.	.	.	.	.	.	.	.	*	.	.	.	*	**2**
Rwanda	.	.	.	.	.	.	.	.	.	.	.	.	.	*	.	.	.	**1**
Senegal	.	.	.	.	.	.	*	.	.	.	.	.	.	.	.	.	.	**1**
South Africa	.	.	.	.	.	.	.	.	*	.	.	.	.	*	.	.	.	**2**
Sri Lanka	.	.	.	.	.	*	.	.	.	*	.	.	.	.	.	*	*	**4**
Tanzania	.	.	.	.	*	**	.	.	*	*	*	*.	*	***	.	.	.	**11**
Thailand	.	.	.	.	.	.	.	.	.	*	.	.	.	.	.	.	*	**2**
Togo	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	*	**1**
Uganda	.	.	*	*	.	.	.	.	*	.	.	.	.	.	.	*	.	**4**
Ukraine	.	.	.	.	*	.	.	.	.	.	.	.	.	.	.	.	.	**1**
Yemen	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	.	*	**1**
Zambia	.	.	.	.	.	.	.	.	*	.	.	.	*	.	*	.	*	**4**
Zimbabwe	.	.	.	**	*	.	.	.	.	.	.	.	.	.	.	.	.	**3**
Total CPEs	**4**	**1**	**1**	**4**	**10**	**3**	**5**	**2**	**6**	**9**	**6**	**2**	**8**	**23**	**2**	**4**	**20**	**110**

Table 2.1 presents the collection of 110 CPEs as a matrix of donor and partner studies. The definition of what does and does not constitute a country programme evaluation is always going to be somewhat arbitrary but can at least be transparent. To construct Table 2.1, we have started off with a broad definition of a country programme evaluation. While possibilities for alternative, narrower definitions of what constitutes a country programme are mentioned in the text of the study, it was felt more productive to begin with an inclusive rather than exclusive definition and so open up the scope for discussion.

The borderline cases which we have classified as country programme evaluations include:

- Evaluations of all donor activities in a given country, even when these activities take the form of numerous, largely uncoordinated projects rather than an integrated country programme.

- Evaluations of the major part of a donor's country programme as a case study evaluation of agency-wide donor goals (*e.g.* DFID's recent studies of the relative effectiveness of different aid instruments in India and Zimbabwe with regard to the goal of poverty reduction).

- Evaluations of country programmes in CEE and CIS states (*e.g. Poland country assistance review*).

- Documents which combine review of activities to date with extensive attention to planning future activities in a country programme evaluation/country planning document (*e.g. Irish Aid: Tanzania – country programme evaluation and planning framework (1997-1999).*

- Short, internal documents concentrating upon process and systems (*e.g.* the "self-evaluations" carried out by Swiss Development Co-operation), when these appear to be organised systematically according to established agency guidelines. These are included on the grounds that in length and insight they meet the standards of some of the shorter external evaluations by other donors.

The borderline cases which we have *not* included in our list of 110 are as follows:

- Studies in which the emphasis is primarily upon an analysis of the external situation (of the country situation, poverty, economic prospects, social structure and power relations, etc.), with only passing attention to the donor's activities to date (*e.g. From emergency relief to development assistance: how can Sweden best help Cambodia?*).

- Evaluations of selected parts of the donor's country programme (*e.g. An evaluation of Australian aid to the power sector in Papua New Guinea*).

- Documents which are *primarily* planning tools, with only minor attention to the evaluation of activities to date (*e.g. Mozambique-Ireland Three-year plan for development co-operation 1998-2000*).

The pattern revealed in Table 2.1 is interesting. Some donors have obviously invested far more in CPEs than others. Some recipient countries (Tanzania, Zambia) have been unusually well-favoured by CPEs, whereas others, often large aid recipients (Sudan, for example, and Kenya to a certain extent) appear to have been neglected.

It is clear from a review of the reports we obtained that the term "CPE" identifies several different kinds of animal. Some CPEs have been large, long-term projects, looking back over two or three decades of a donor's relationship with a partner, and carried out independently of short-term programming requirements. Other CPEs have been designed to make an immediate contribution to the programming cycle: World Bank Country Assistance Notes or the Japanese country programme reviews are representative of the format. We have more to say later about the different terminology and about the implications of these different styles.

It should be noted in this context that some of the questions asked in CPEs are also the subject of research studies. There is a large research-based literature on the impact of aid, some of it sponsored by donors (*e.g.* recent work on aid effectiveness: World Bank, 1998). While there is obviously overlap between the two, as ideal types research can be distinguished from evaluation by the time spent (longer), the methods employed (more likely to include quantification as well as impressions), and the communication pathways used (less likely to feed directly and automatically into policy). Some types of question may be better suited to a research framework than an evaluation framework.

Finally, the structure of the report needs to be explained. The terms of reference identified three main categories of issues (design, partnership arrangements, use) which would have made obvious chapter headings. However, the amount of material available on each of the three issues varied greatly, with little on partnership, and very little on use. We have therefore organised our findings in a different way, dealing successively with (a) rationale and use, (b) scope and coverage, and (c) methodological practicalities. The three topics specified in the Terms of Reference are dealt with in the greatest depth possible under these headings. In the final section, we summarise the main lessons, and propose a preliminary listing of good practice criteria. These lessons – or issues – are presented in Appendix 2.9 as a checklist of key questions for any donor initiating a country programme evaluation.

Rationale for country programme evaluations

Underlying rationale: the transition to country programming

The background to the increase in country programme evaluations has been the increasing importance of country programming within official development aid (a point made in most of the presentations to the 1994 conference on CPEs). Some bilateral donors – such as Norway – adopted country programming from the mid-1970s (Norad, 1994: 1); others only started to implement country programming from the mid- to late-1980s. There is a consensus that there are significant advantages to repackaging aid into coherent country programmes which reflect a holistic analysis of the partner country's needs and a systematic response on the behalf of the donor. The corollary of the country programming approach is the conclusion that evaluation which focuses on the country level is a valuable component of aid evaluation.

The need to look at country-level impact is particularly critical if it is accepted that all aid is "fungible". A recently published World Bank study has concluded that project finance does no more than expand the capacity of the government to carry out additional tasks: that is, the effect of aid is diffuse, improving state institutions, policies and capacity across the board, rather than concentrated in the project or sector to which it was nominally designated. This implies that:

> Since money is often fungible, the return to any particular project financed by aid does not reveal the true effect of assistance…With fungibility, the impact of aid is not the same as the impact of the aid-financed project.
>
> (World Bank, 1998: 20)

The degree to which all aid is fungible is still a matter for debate (*e.g.* Cassen 1994: 21-2). However, if aid fungibility is as prevalent as the World Bank suggests, this adds theoretical weight to the conclusion that country programme evaluation is important.

Among those donors that have carried out CPEs, some have done little more than experiment, while others use them more routinely. There is a great deal of variation in the scope, length, cost and approach. It should be noted that some donors, having committed at an early stage to CPEs as an integral part of their country programming approach, have subsequently scaled down their CPE efforts. As part of an "integrated evaluation and planning approach", Norway carried out 10 large-scale CPEs (each costing between USD 150 000 and 350 000, or from 0.1 to 0.4% of the total cost of the five-year country programme addressed by the report) between 1985 and 1990. In 1990, this approach was reviewed: despite its merits, it was felt to be too slow and expensive, given that the findings tended to be historical rather than forward-looking and "often did not provide the specific answers that were desired". A questionnaire survey within the organisation found that these CPEs did not appear to have resulted in change. Norway switched to a planning-focused country programme system, in which shorter and cheaper "country strategy" studies were carried out on an *ad hoc* basis, focusing more narrowly on the information needs of the planners and not (as previously) those of the Norwegian public and Parliament.

Similarly, the Netherlands appears to be reassessing the rationale for further CPEs, having carried out six very comprehensive CPEs (each taking two or more years from inception to completion and ranging in cost from around USD 700 000 to USD 900 000). There is an argument that there are diminishing returns to more CPEs on this scale in the near future. This is particularly true with regard to systemic issues concerning relations between country programmes and agency headquarters, which have been thoroughly explored in the six completed to date.

Specific rationale: immediate objectives of country programme evaluations

If the underlying rationale for country programme evaluation is the common trend towards country programming, the specific rationale for specific CPEs varies greatly between donors and, on occasion, between different CPEs carried out by the same donor. Box 2.1 summarises some of the reasons donors give for carrying out CPEs.

A number of questions arise here. First, it is worth asking about the value-added of CPEs. Most donors already undertake evaluations at the level of projects, sectors, and sometimes programmes. What distinctive insights do CPEs provide? There would seem to be three answers to this question:

i) To *describe* the performance of the programme as a whole. The term "performance" refers to different aspects in different cases – a point we return to below – but can be taken variously to include policy relevance, impact, effectiveness, efficiency, and sustainability. Some donors are able to cover some of these topics through a programmatic perspective using other instruments: USAID, for example, cited sector and programme evaluations which are designed to evaluate the agency's strategic objectives and strategic impact in a country. But for many the CPE fulfils this role, enabling donors to answer questions such as: Is our overall aid programme to this country relevant to the country's needs? Does our aid work better in some sectors than others? Are some of our aid instruments (programme aid, project aid, technical assistance) performing better than others? What are the relative strengths and weaknesses of different disbursement modalities (government to government, NGOs, private sector partnerships, etc.)? Is our programme consistent with our own comparative advantage?

Drawn from CPE Reports or from
CPE Guidelines, Terms of References or Discussion Papers

Japan

In a "Country Evaluation Guideline", the Economic Co-operation Bureau describes the objectives of a country evaluation as follows:

1. To verify its performance, relevance, efficiency, direct and indirect impact on the economic development and the improvement of people's living conditions…

2. To draw useful recommendations for ODA policy-makers on formulating aid policies, strategies, and programs / plans for the subject country.

3. To draw useful lessons for improving the identification, formulation, planning, and implementation of development assistance programs and projects in the subject country.

4. To contribute to the effective appropriation of Japan's and the subject country's funds, personnel and other aid-related resources.

5. To heighten Japanese people's awareness of Japan's ODA affairs…

6. To promote understanding of the people of the subject country on Japan's ODA, thereby to facilitate even more effective and efficient implementation of ODA. (MFA Japan, 1998: 9).

UNDP

A draft paper describes the essence of a CPE as "to capture the overall impact of the programme", looking particularly at impact, cost-effectiveness, and lessons for future Country Co-operation Frameworks. (Hopkins, 1997: 2ff).

The Netherlands

The rationale for CPEs changed somewhat between the first round (published in 1994) and the second round (all 1998). In the first round, the CPEs were structured around five main questions:

1. What are the main features of the development programme, and are Netherlands and country policy priorities reflected in it?

2. How is the programme organised and managed?

3. What is the macro-economic relevance of the programme?

4. To what extent does the programme contribute to poverty reduction?

5. To what extent are project results sustainable? (adapted from Netherlands, 1994: 48).

In the second round "the general objective was to study the policy relevance, effectiveness, efficiency and sustainability of the Netherlands development co-operation programme", using four questions:

1. How does the Netherlands aid programme relate to the recipient country's main development problems and to [the recipient country's] and Netherlands policies?

2. What were the results of the aid programme and how did the activities contribute to achieving the main objectives and priorities of Netherlands development assistance?

3. How efficiently were activities organised and carried out?

4. To what extent are the results of Netherlands development assistance sustainable? (Netherlands/Bolivia, 1998: 1; Netherlands/Egypt, 1998: 11).

Ireland

In Ethiopia, where the Irish aid programme had only been in operation for two years, the "overall objective" of the interim evaluation was to provide "a forward-looking assessment of programme balance, content and progress towards achieving satisfactory impacts…rather than attempting to measure impact (after too short an interval), or focussing on issues of implementation performance (which is the task of the management information system)."
(Ireland/Ethiopia 1997: i).

ii) To *explain* the performance of the programme as a whole. Why is a certain pattern of performance observed? Are there factors in the recipient policy environment? Are there issues to do with the policy, structure or procedures of the donor agency? In some studies (*e.g.* EU/Ethiopia), these are identified as the 'systemic issues' tackled in CPEs. Again, they receive different degrees of attention in different studies. Most studies address the recipient policy environment, some (*e.g.* UNDP/Myanmar) look at recipient procedures for handling aid, some tackle explicitly the administrative performance of the donor agency (*e.g.* Netherlands/India). Both Danida and DFID produced CPEs which examined the poverty reduction impact of different forms of interventions in selected partner countries.

iii) To *make recommendations* for ways in which to improve future performance. Again, this varies from one study to another. Some CPEs make detailed recommendations regarding future programme content and management; others do not.

Taking these ideas further, the rationale for a CPE can broadly be classified by locating it along two axes.

Goals used to evaluate performance in a CPE

The first axis differentiates between CPEs on the basis of the nature of the goals to which the CPE is to refer. The question here is: "what level of goals (project, country programme or agency-wide) are being used as the basis for evaluation?" Three levels of goal-testing can be identified.

- At its simplest, a CPE may simply be an audit of all the various elements of donor aid to a given partner country. In this case, the country programme is treated as no more than the collection of projects, technical assistance and programme aid flows to that country: the performance of each component is compared to the component-specific goals.

- More usually, while the CPE may start with such a component-by-component approach, there is an effort to evaluate the net contribution of these various components to the country-level goals set out in the country assistance strategy (known variously as a country programme paper, country co-operation framework, etc.).

- In many cases a donor will use CPEs as an input to an agency-wide review of its goals, methods and achievements. Danida and more recently DFID have combined country programme evaluation with an attempt to evaluate the effectiveness of various aid instruments with regard to the global goal of poverty reduction: see for example Denmark, 1995: i. (The result is more recognisably a CPE in the case of the Danida reports.) The EU, similarly, has commissioned six short CPEs as "part of a general evaluation of EU aid…[focusing on] policy formulation, policy dialogue between the EC and individual ACP states, and aid implementation and management" (EU/Zimbabwe 1998: Preamble). In some cases, the CPE may be used to judge the value of country programming itself: one of the three objectives of the Norwegian evaluation of co-operation with Nicaragua was "to assess to what extent the [country] strategy has been conducive in giving guidance and served as a management tool" (Norway/Nicaragua, 1998: 9).

The boundaries between these rationales are not clearly demarcated and most CPEs are designed to evaluate more than one level of goals. There are some CPEs which are designed primarily to provide input to an agency-level review of goals and approaches but which may also be of value to the country programme manager. Others are designed as documents related first and foremost to the country planning and implementation cycle, but may nonetheless be drawn upon in headquarters reviews of aid management and performance. The multiple rationales of most CPEs are apparent from Table 2.2.

Table 2.2: Nature or level of the goals evaluated in CPEs

Nature of goals	Number of CPEs	
	Number	%
Individual project goals	22	88%
Country programme goals	25	100%
Agency-wide goals	8	33%

Source: Authors.

Relationship to learning and planning: historical and forward-looking CPEs

The second axis by which a CPE could be classified provides a continuum from historical to forward-looking evaluations. Here, the rationale question is: "Is the CPE intended primarily to identify and explain past performance, or to provide concrete recommendations in order to improve future performance?" At one extreme is the *ex-post* evaluation of a country programme that has been closed, which seeks to describe and understand successes and failures: the lessons learned contribute primarily to the planning and implementation of programmes in other partner countries or the formulation of agency-wide policies. At the other end of the continuum are planning documents which refer to observed performance as the basis for detailed recommendations regarding the next programme cycle.

Table 2.3: Indicators of use made of CPEs

Indicator of CPE impact on programming or policy	Number of CPEs	
	Number	**%**
Explicit list of recommendations	19	76%
Directly linked to programme planning document	6	24%
Reference to previous CPE or mid-term review	11	44%

Source: Authors.

It should be noted at this point that there is relatively little information to be gleaned from the CPEs themselves regarding the use of CPE findings in donor aid management systems. It is possible to make stronger conclusions about the impact of CPEs on a country programme when donors have carried out two or more CPEs for a given country. If a second (or subsequent) CPE summarises and evaluates the findings of the previous CPE and analyses whether the findings were acted upon, and with what results, it is possible to draw stronger conclusions about the impact of CPEs as an evaluation tool. At the moment, however, most donors have carried out only one CPE in any given country (see Table 2.1).

Dissemination of findings

Closely related to the use issue described above is a question of dissemination and audience. W*hat* the CPE is intended to achieve (a review of historical experience leading to policy lessons or a more narrow focus on recent/present performance leading to planning changes) is closely related to who it is intended for. There are important differences in the channels used to communicate and disseminate the findings that emerge from CPEs. Some information on dissemination is available from the CPE reports we have reviewed and from supporting material (such as CPE guidelines). However, much of what follows is based upon discussion with donor evaluation staff.

In some agencies the CPE is an internal document, circulated only within a very restricted circle and not discussed in any depth with the partner country. However, donor staff noted that even when a conscious effort is made to provide the partner government with the findings of a CPE, the partner typically makes little if any use of it. As a result, accountability to actors outside the donor organisation is mainly defined in terms of accountability to the donor government and general public. Bilateral donors may have a policy, written or established in practice, of disseminating CPE reports to Parliament for discussion or publishing the findings for public consultation. In some donors (*e.g.* the IMF), the Board commissions, supervises and receives evaluations. In others (*e.g.* IDB), the Board does not commission or supervise, but does receive and discuss evaluation reports. This raises questions about the relationship between evaluation and country programming. For example, until recently, the Board of IDB received both evaluation reports and country programme documents – but the two were handled by different sub-committees, with limited overlap.

Summary

On the basis of these distinctions it is possible to construct a rough typology of CPEs on the basis of their rationale (when rationale is defined in terms of the goals that are tested and use that is to be made of the results). This typology can be presented in the form of a matrix (Table 2.4). Selected examples are provided: taken together, all twenty-five of the CPEs reviewed in this study filled only six of the possible nine cells (*i.e.* no cases matched the theoretical case of a historical, project-focused CPE). In practice most of the CPEs we examined straddled the boundaries between one or more cells: for illustrative purposes, however, a subjective judgement has been made as to which cell any given CPE best fits.

Table 2.4: Typology of country programme evaluations, classified by rationale

Level of goals	**Relationship to planning cycle**		
	Weak:	**Intermediate:**	**Strong:**
	Historical CPE, major part of conclusions concern explanation of past performance	Pronounced historical review element combined with specific programming recommendations	Forward-looking CPE, intended primarily as input to planning
Project/ component			UNDP (Uganda & Sri Lanka)
Country programme	Norad/Nicaragua	World Bank CARs UNDP (Myanmar)	World Bank CANs
Agency-wide/ global	Danida/Nepal	Netherlands/ Bangladesh	

Source: Authors.

It seems clear that there is a common general rationale for CPEs: in combination with more established evaluation approaches based on programme, sector and cross-cutting themes (*e.g.* gender or the environment) they are an essential component of a country programme -based approach. At an operational level, however, there is no standard rationale for CPEs. The idea of “horses for courses” applies: donors need to specify their objectives and the use to which a given CPE will be put. These determine the scope, format and methodology of the CPE approach. These issues are examined in the next two sections.

Scope and coverage of country programme evaluations

This section addresses a number of closely related aspects of the breadth and depth of analysis provided by contemporary CPEs. This draws out some of the conceptual issues facing those commissioning or conducting a country programme evaluation: the definition of performance criteria, the time period that should be evaluated, and the definition of the boundaries of the subject matter for a country programme evaluation. The practicalities of operationalising these choices are explored in the next section, which examines the ways in which CPEs attempt to measure or otherwise quantify performance criteria, examine country-wide issues, and provide insights into agency-wide (or “systemic”) issues.

Breadth of analysis

CPEs in the sample reviewed varied considerably in the breadth of their analysis. The concept of “breadth of analysis” is used here with two aspects in mind.

The first component of breadth concerns the time period under review. Only a few donors restrict their analysis to the current country programme cycle or the cycle most recently completed. (These CPEs fall towards the forward-looking end of the historical-to-forward-looking continuum described in the above section on rationale.) The majority of CPEs reviewed in this study evaluated programme performance over the entire history of donor-partner aid relations. In some cases this was only a matter of a few years (*e.g.* Irish aid to Ethiopia or South Africa); in other cases this history of donor-partner co-operation stretches over two or three decades (*e.g.* Irish aid to Zambia, most of the Netherlands aid programmes). In practice there is inevitably a tendency to weight the evaluation to recent or ongoing activities.

Table 2.5: Timespan evaluated in CPE

Timespan under review	**Number of CPEs**	
	Number	**%**
Specific programme cycle	3	12%
Full history of donor-partner aid relationship	22	88%

Source: Authors.

The second component of “breadth” concerns the examination of influences upon country programme performance which lie outside the country programme itself. There are several of these influences.

- First, there is the country context. All the CPEs reviewed in this study provide some background information on the partner country development situation. However, the detail in this material varies greatly. Many CPEs provide only a short and general description: others explicitly relate the partner country development situation to the country programme through a detailed examination of economic trends, the nature, incidence and depth of poverty, or the development policy of the partner government.

Table 2.6: Contents of partner country (external environment) analysis

Content of country analysis	Number of CPEs	
	Number	%
Economic growth, structure and performance	22	88%
Poverty profile (poverty line and human development indicators)	16	64%
Poverty analysis (poverty processes and characteristics of the poor)	11	44%
Partner government policy and politics	25	100%
Aid environment	21	84%
Socio-cultural background (gender, ethnicity, class)	17	56%
Project area description/local needs analysis	11	44%

Source: Authors.

- Another aspect of breadth concerns whether the report addresses *systemic* issues, defined here as issues relating to relations between the country programme and donor headquarters. These issues may have a significant bearing upon the performance of a country programme yet may not be adequately described in a CPE which focuses upon the country programme without looking at the wider donor organisation within which it is a component. Examples of systemic issues include delays in recruiting for key positions or disbursing funds; frequent changes in policy; support from desk officer specialists when needed; or the sudden switching of personnel or funds to another country programme. Systemic issues were mentioned in three-quarters of the CPEs reviewed (*e.g.* UNDP/Myanmar; EU/Ethiopia; Netherlands/India). In most cases, however, the reference to systemic issues was extremely fleeting. It is not clear whether the absence of discussion of systemic issues in the majority of CPEs was the result of a conscious decision based upon time and resources available for the evaluation; a constraint imposed by the terms of reference; or simply that it was not considered by the evaluators. Commissioning a CPE with a remit to examine the realisation of agency-wide goals in a country context (*e.g.* Danida / Nepal) is one obvious way to facilitate an examination of systemic issues in aid performance.

- Finally, for bilateral donors there are non-aid aspects to the holistic donor country-partner country relationship which may have an influence on aid relationships: this includes trade and investment flows, the status of diplomatic relationships between the two countries, and historical (often colonial or migratory) ties between the two countries. These are mentioned in passing in a few reports but explored in detail in only a minority of cases (the three second-round Netherlands CPEs) (*e.g.* Netherlands/Bangladesh 1998: 43-50).

The historical and topical aspects of “breadth” distinguished here do not seem to be closely correlated. Some CPEs address a decades-long donor-partner relationship but in specific, country programme -focused terms (*e.g.* some of the World Bank CARs), whereas other reports include a much broader contextual analysis as well as a long historical overview.

Depth of analysis: criteria used in evaluating country programme performance

Most, but not all, CPEs provide a clear list of criteria by which to judge success in a country programme. The criteria most commonly used are those of efficiency, effectiveness (or efficacy), impact, relevance and sustainability.

The definitions of these evaluation criteria and the conceptualisation of the relationships between them draws heavily on logical framework (or logframe) analysis, which was originally designed as a tool for project planning and evaluation, but which has been adapted to CPEs. (The conceptual linkages between criteria in the logical framework approach is provided in a diagrammatic form for reference in Appendix 2.6.) Most of the CPEs we have reviewed draw upon the logframe approach to structure their CPE process, either explicitly (*e.g.* IDB, 1998: 1) or implicitly.

Logframe analysis is a useful tool to assist the planning and subsequent evaluation of a programme or project. Its value lies in that it relates criteria in a hierarchy: if impact analysis is not feasible, then it suggests ways in which the tests of relevance, sustainability and efficiency can provide input to the estimation of impact. However, it is important to note that there are also a number of limitations to a logframe approach.

i) There is considerable conceptual slippage under each of the criteria headings: what one CPE classifies as impact another regards as effectiveness (see Box 2.2). Some of these problems reflect translation issues (DAC, 1986: 72-3). It is necessary to examine each agency’s own definition of the terms as there is in most cases room for debate about whether a given item should be regarded as (for example) an immediate objective or an overarching goal. The Netherlands, for example, does not mention impact: however, in defining effectiveness as “contribution to [the country’s] macro-economic self-reliance, poverty alleviation, and the sustainability of project results” (Netherlands/India, 1994: 50) it seems that it is talking not only about effectiveness but also impact (and, in this case, sustainability too).

ii) There are problems in using logframe analysis, designed primarily as a tool for project planning, to evaluate a complex country programme. A country programme includes numerous, often imperfectly articulated or even contradictory goals, to be achieved through a range of instruments, sectors and channels. Few donors have attempted to apply criteria of efficiency, effectiveness or impact to programme aid (White, 1996); technical assistance is also hard to evaluate in logframe terms. This is a problem when attempting to assess the relative contribution of programme aid and project aid components of a given country programme (the problem of comparing “apples and pears”: Maxwell, 1996), and when a country programme is predominantly implemented as programme aid.

Box 2.2: Different Definitions of Evaluation Criteria
Used in CPEs or CPE Guidelines

Efficiency: "…concerns the organisation and management of the programme. With regard to organisation, the focus is on factors which influenced decision-making in the Netherlands regarding the composition of the programme. With regard to management the focus is on the capability to guide and monitor the preparation and implementation of development activities."

(Netherlands / India, 1994: 50)

"…assesses whether the activities have been carried out efficiently in order to yield the project results. Have the means of the project been efficiently transformed through the project's activities into the various project results? Could the same or similar results have been achieved at lower cost?"

(EU Commission, 1995, reproduced in Maxwell *et al.* Ethiopia: 2)

Effectiveness:

"..the contribution to [the country's] macro-economic self-reliance, poverty alleviation, and the sustainability of project results."

(Netherlands / India, 1994: 50)

Relevance:

"..refers to how the project or the programme is related to the poverty profile and the scope for interventions identified."

(Danida / Nepal, 1995: 58)

Sustainability:

"..is judged from the way in which institutional arrangements are made to ensure a lasting impact on poverty alleviation"

(Danida / Nepal 1995: 58)

One of the most extensive discussions of sustainability in the particular context of technical assistance is provided by UNDP:

"Technical assistance, especially in TA projects, is an imprecise and variable state. It can be gained or lost as a result of changes in government policies or imperatives or through technical advances or obsolescence. It is, therefore, more often a promise than a fact; an expression of expectations at the time the judgement is made…

"Technical assistance is an instrument of change. That change begins in the minds of men [sic], through education and training. For that change to endure and prosper, it needs to be institutionalised…A development project is said to have reached the threshold of sustainability when its objectives have been fully achieved, essential trained staff are appointed on a permanent basis, and all project equipment is functioning well with sound maintenance practices in place."

(UNDP/Myanmar, 1994: 53-55)

Thus, while there may be value in drawing on logframe-based concepts of the relationship between criteria in country programme evaluation, there is also a need to define all criteria in an explicit, logical and consistent way that is amenable to measurement (or estimation). The intrinsic "evaluability" of activities may vary considerably (IDB, 1998: 11-12).

In an effort to introduce consistency, DAC has provided a list of standardised definitions of evaluation criteria (Box 2.3).

Box 2.3: DAC definitions of criteria for evaluating development assistance

Relevance

The extent to which the aid activity is consistent with the priorities and policies of the target group, recipient and donor. In evaluating relevance of a programme or project, it is useful to consider the following questions:

1. To what extent are the objectives of the programme still relevant?

2. Are the activities and outputs of the programme consistent with the overall goal and the attainment of objectives?

3. Are the activities and outputs of the programme consistent with the intended impacts and effects?

Effectiveness

A measure of the extent to which an aid programme attains its objectives. Effectiveness measures the extent to which the activity achieves its purpose, or whether this can be expected to happen on the basis of the outputs. In evaluating the effectiveness of a programme or project, it is useful to consider the following questions:

1. To what extent were the objectives achieved? Or are likely to be achieved?

2. What are the major factors influencing the achievement or non-achievement of the objectives?

Efficiency

An economic term which means that aid uses the least costly resources to achieve the results. In other words, aid can get the most results for its economic contributions. Efficiency measures the outputs – qualitative and quantitative – in relation to inputs. This generally requires comparing alternative approaches to achieving the same outputs, to see whether the most efficient process has been used. In evaluating the efficiency of a programme or project, it is useful to consider the following questions:

1. Were activities cost-efficient?

2. Were objectives achieved in a timely manner and at the least cost?

3. Was the programme or project implemented in the most efficient way compared to alternative ways?

Impact

A term indicating whether the project has had an effect on its surroundings in terms of technical, economic and socio-cultural, institutional and environmental factors. Evaluation should consider 1) *direct effects*, the immediate costs and benefit of both the contribution to and the results of a project without taking into consideration their effects on the economy; 2) *indirect effects*, the cost and benefit which are unleashed by the contributions to a project and by its results; 3) *multiplier effects*, a special indirect effect which deals with the increase in the use of the economy's capacity, by the aid programmes generating a rise in demand. In evaluating the impact of a programme or project, it is useful to consider the following questions:

1. What has happened as a result of the programme or project?

2. What real difference has the activity made to the beneficiaries?

3. How many have been affected?

Sustainability

The extent to which the objectives of an aid activity will continue after the project assistance is over; the extent to which the groups affected by the aid want to and can take charge of themselves to continue accomplishing its objectives. Sustainability is concerned with measuring whether an activity or an impact is likely to continue after donor funding has been withdrawn. Projects need to be environmentally as well as financially sustainable. In evaluating the impact of a programme or project, it is useful to consider the following questions:

1. To what extent did the programme or project continue after donor funding reached an end?

2. What were the major factors which influenced the achievement or non-achievement of sustainability of the programme or project?

(DAC Principles for the evaluation of development assistance (1991); Glossary of terms used in evaluation in Methods and procedures in aid evaluation (1986)).

On the basis of these standardised definitions, we found the following criteria presented in the descriptions of methodology in the CPEs we reviewed. It should be noted, however, that in many cases a criterion was mentioned and defined but not subsequently used to any significant extent in the analysis of the country programme which followed.

Table 2.7: Criteria used in CPEs (using DAC definitions)

Criterion	Number of CPEs	
	Number	%
Efficiency	19	76%
Effectiveness	25	100%
Impact	18	72%
Institutional and/or financial sustainability	18	72%
Relevance	22	88%

Source: Authors.

Some studies also used other criteria based upon the particular circumstances of the partner country. In evaluating aid given via multilaterals to Cambodia, a SIDA study (not a CPE) addressed "additionality": as many donors initiated aid to Cambodia, SIDA wished to ensure that it gave aid to projects that would not have found another donor (SIDA/Cambodia, 1995). This could arguably be seen to be a subset of the criterion of "relevance".

From project to country programme

Country programme evaluations vary in the degree to which they attempt to provide an evaluation of the country programme which is "more than the sum of the parts". A CPE generally starts by deconstructing the country programme into its component elements (a portfolio of projects, programme aid and technical assistance). The proportion of the country programme which is evaluated in depth and the approach to integrating this into a judgement about overall country programme performance varies considerably. Some of the CPEs which were reviewed in detail and the majority of those which were not because short, doing little more than describing the elements of the country programme and providing some discussion of relevance of the programme mix and the efficiency of its delivery. Among those donors which attempted to do more, most adopted a two-level approach, describing all sectors, channels and modalities of aid in overview and then evaluating a representative sample of these components in more detail.

General conclusions about country programme performance may be based upon a component-by-component analysis of the country programme portfolio and some judgement about what proportion (of funds and projects) performed satisfactorily or unsatisfactorily. Some of the CPEs reviewed went further, evaluating country-level process issues (decision-making, the relevance and coherence of the country strategy) and seeking to identify any relevant systemic issues rooted in the relationship between the country programme and the donor headquarters. This approach has the most to offer when the country programme itself is more than a collection of projects. Given that few country programmes are written with an overarching logical framework, it is necessary to examine how programme design, management and achievements reflect evolution over time.

Finally, given the practical limitations upon those involved in a country programme evaluation, some donors implicitly conclude that impact evaluation is a task in which large, long-term, cross-country research projects have more to contribute (*e.g.* Riddell, 1987; Cassen, 1994; World Bank, 1998). The degree to which a donor can and should attempt to evaluate effectiveness or impact seems logically to be a function of its evaluation resources on the one hand, and the coherence of its country programming on the other. If a donor is small and/or spreads its aid thinly between many countries, then it may be best to conduct relatively short and simple CPEs which focus upon relevance and efficiency and draw logical rather than empirical conclusions about impact. If a donor is a major actor with the resources for an in-depth study *and* has progressed from token country planning (grouping together diverse ongoing projects) to substantive country programming (programme mix reflects systematic consideration of partner needs and donor comparative advantage), then there is a persuasive argument for investing in impact analysis.

Summary

It is possible to draw an alternative typology based upon the scope of the evaluation approach. Given that "scope" may be defined in several ways, several classifications can be provided: by the timeframe that is reviewed (Table 2.5), the degree of attention to country (external) environment (Table 2.6), or the level in the hierarchy of performance criteria at which the CPE pitches its evaluation efforts (Table 2.7). Of these, the third, criteria-based system seems the most useful. The Inter-American Development Bank has proposed the following classification of country assistance evaluation on the basis of the performance criteria that are addressed, ordered in ascending order of complexity and cost (Table 2.8). While the names they give to different evaluation types can be changed (most donors use country programme evaluation, as in this study, as an all-encompassing term), the distinctions on the basis of criteria make this useful.

Table 2.8: The IDB's typology of country assistance evaluations

Type of evaluation	Key characteristics
Country study	Broad assessment of the political, economic and social situation of a country and its impact on the relationship with the donor.
Country strategy evaluation	An assessment of the relevance and effectiveness of the donors strategy or plans for the country.
Country programme evaluation	An assessment of the relevance, effectiveness and efficiency of country-level operations.
Country assistance evaluation	An ambitious assessment, examining the relevance, efficacy, efficiency, selective impact and sustainability of the strategy and all activities.

Source: IDB, 1998:20-21.

Practical methodological issues in country programme evaluations

This section explores the methodological approaches that donors have adopted in response to the conceptual issues mentioned in the previous section. These issues include a) the approach adopted and the information base that is used; b) how to make and present judgements about a country programme, under the headings of the various performance criteria mentioned above; c) the basis for comparison (using other donors or a counterfactual case as yardsticks) that is used; and d) the case for and against multi-actor evaluations (either multi-donor or donor-partner government).

Information base

The information base used by CPE evaluators varies somewhat (Table 2.9). All those reviewed used programme documents (both in the partner country and at donor headquarters), interviews with country programme staff and visits to at least a sample of projects. Several also commissioned modular background studies (on economic sectors, socio-cultural issues, or programme management structures, for example) which fed into the final report. The most in-depth of the reports involved an element (even if only minor) of primary research. This usually took the form of a more systematic approach to impact estimation than that involved in project visits: using R/PRA (Rapid Participatory Rural Appraisal) techniques, several donors attempted to obtain proximate indicators of the impact of projects on the intended beneficiaries.

Table 2.9: Information base used for CPEs

Source of information / means of data collection	Number of CPEs	
	Number	%
Interviews with CP staff	25	100%
Interviews with donor HQ staff	21	84%
Donor documentation review / file study	25	100%
Commissioned background studies	8	32%
Interviews with partner government staff	24	96%
Project visits	24	96%
Fieldwork/beneficiary consultations	14	56%

Source: Authors.

Measurement, classification and scoring

The biggest challenge for those attempting a country programme evaluation is to derive analytical tools to guide and structure their conclusions. The bulk of any CPE is a narrative analysis of causality: in a different context, this has been termed an "inductive/deductive approach", defined as:

> A narrative interpretation of the links between an intervention and any impacts that have a high degree of plausibility…The validity of a specific report has to be judged by the reader on the basis of the logic and consistency of the arguments; the strength and quality of the evidence provided; the degree of cross-checking of findings; the quality of the methodology and the reputation of those involved.
>
> (Hallam, 1998: 83)

The degree to which it is possible to add something further to such a narrative – that is, by putting figures to performance-varies greatly between different criteria. Indicators used must be SMART: simple, measurable, accurate, reliable and timely. It is relatively easy to derive meaningful real numbers for efficiency. At the macro-, country level, the World Bank uses ratios of disbursement to staff-years, economic and financial rates of returns, incidence of cost over-runs or timeliness of disbursement to measure efficiency. Evaluating efficiency at a project level generally involves constructing ratios of financial input to quantifiable outputs (*e.g.* the cost of building a well or vaccinating a child). In many cases, it will be possible to obtain comparable figures from another agency undertaking the same kind of activity, allowing for benchmarking.

It is harder to derive measures of effectiveness and extremely difficult, within the constraints of an evaluation exercise, to obtain measures of impact. The measurement of impact is both the most important and most problematic element of a CPE-a fact mentioned by many donors (*e.g.* UNDP, 1994). Approaches to the classification or scoring of impact are described below.

The difficulty of obtaining impact measures is determined partly by the nature of the intervention. It is virtually impossible to measure the true impact of macro-level interventions in terms of real numbers: given this uncertainty there is always the "temptation" to assume that positive outcomes were the result of the aid designed to achieve these outcomes (IDB 1998: 2). On the other hand, a donor may contribute significantly to partner country development through important but unquantifiable and often unofficial channels: the World Bank's role in co-ordinating and mobilising aid is an example of "activities [which] are often never reported in a country programme and other official documents [but] which an institution should get credit for." (IDB, 1998: 1; World Bank Zambia, 1996).

When the impact of a country programme is expected to be largely at the macro-economic level, the evaluator has little choice but to judge the relevance of the country programme to the partner country needs, measure outputs (if possible) and assess the logic of the conceptual link between these programme outputs and the intended impact (Hopkins, 1997: 8). Particularly at the macro-level and particularly when the aid is in the form of technical assistance or programme assistance, impact evaluation depends heavily upon the issue of *attribution*: macro-level objectives or goals can be seen to be achieved but, given the number of endogenous and exogenous factors that influence macro-economic performance or institutional change, cannot be clearly related to the actions of a given donor. Unsurprisingly, it is the multilateral development banks, which play the dominant role in macro-level financial and policy aid, which have emphasised the importance of attribution (even if they have not yet devised a methodology by which to identify it: IDB, 1998: 2; World Bank, 1999: 4). No CPE reviewed in this study attempted to use econometric analysis to trace the influence of policy or financial aid on country programme goals. [In 1994 the Secretariat for the SASDA (Analysis of Swedish Development Assistance) evaluations of Swedish country programmes included theoretical models of the macro-economic consequences of aid (*e.g.* Sweden/Tanzania, 1994: 111-119, 127-135) but did not test these models empirically.]

Impact measures are easier to obtain for the meso- or micro-scale level. At a meso-level, UNDP suggests changes in government legislation due to UNDP influence as a measure of its impact in capacity-building (UNDP/Sri Lanka): in reality, however, attribution is still a problem. At the micro- or project level attribution is easier to establish and impact assessment can be measured in real terms. Even at this level, however, impact is usually complex, costly and time-consuming to evaluate. Most CPEs which attempted to evaluate impact did so for only a sample of their projects (the important thing is to choose representative projects) and generally used "quick and dirty" techniques (*e.g.* SIDA/Nepal).

On a theoretical point, it should be noted that this impact evaluation is much harder if the World Bank's argument that "all aid is fungible" is accepted. As the Bank puts it, funders are in this case in the position where "what you see [in terms of intended target for aid and unit for evaluation] is not what you get". Problems of counterfactuality and attribution of impacts would be more pronounced. Impact in the form of facilitating macro-scale, system-wide, long-term, synergistic changes is much harder to assess than direct causality. If this understanding of aid processes is accepted, not only impact but also efficiency, effectiveness, relevance and sustainability become hard to define or measure. The emphasis shifts further in the direction of human rather than physical capital creation: "Since the money does not necessarily stick with the sector, the evaluation of projects should focus on the contribution of ideas to altering sector institutions and policies." (World Bank, 1998: 72-4). Such evaluation is inherently more suited to qualitative rather than quantitative measures: if numbers are to be put to performance, they will be subjective (scores or ranks) rather than objective (measures).

If it is very hard to *measure* the impact of a country programme in an accurate and meaningful way within the framework of a CPE, it is still possible and (generally) useful to make reasoned judgements about impact. Accepting that the best is the enemy of the good, many evaluators use qualitative but logical and consistent methods of categorisation. Box 2.4 provides examples of classification/scoring systems used to assess project in UNDP country programme evaluations. One focused upon putting scores to aspects of country programme performance: the other classified individual projects and provided a tally of what proportion fell in different performance categories. Sometimes evaluators may be able to draw on classifications of project status which are collected as part of routine monitoring systems: this is the case with most of the multilateral development banks (*e.g.* IDB Ecuador, 1998).

If projects are classified or scored, the key question is who provides the classification or scoring. An individual evaluator or small team of evaluators making their own decisions about project performance (effectiveness or impact) has the advantage of greater consistency (*i.e.* their subjective judgements are at least consistent, so that "good" means the same in all cases). However, evaluators will generally not be able to acquire the depth of knowledge required to make an informed judgement of each and every element within the country programme portfolio, at least not within the timeframe of the typical CPE. More commonly, they ask those involved in the country programme to classify or score those projects with which they are familiar.

This approach is seen in the IDB's recent client surveys (IDB/Ecuador; IDB/Dominican Republic). In each CPE, around one hundred "clients" (staff of the partner country government financial institutions who worked on IDB-financed projects) completed a long questionnaire. This asked them to categorise and prioritise IDB aid instruments and to suggest possible alternatives.

An evaluation of EU aid to Ethiopia used pairwise ranking to identify aspects of donor performance and matrix scoring to rate EU performance against other donors. Groups of stakeholders (Ethiopian officials, donor staff, NGO and relief agency staff and EU Delegation Advisors) were invited to compare pairs of donors and specify an aspect of performance in which one performed better than the other. They then rated EU country programme performance on each of these criteria from one (below average for donors to Ethiopia) to three (above average) using matrix scoring.

Box 2.4: Examples of different categorisation systems used to judge country programme performance in the UNDP

Different UNDP evaluations have used different systems.

Sri Lanka: self-evaluation of overall programme performance using scoring

In evaluating components of the Sri Lanka programme, the evaluators asked country programme staff to score UNDP performance in 13 "sub-themes" of the programme (in terms of contribution to, for example, "high and sustained economic growth" or "a leaner, more efficient and service-oriented public administration") according to the following guideline:

5 – made substantial progress.

4 – made some progress

3 – no difference made

2 – negatively affected progress somewhat

1 – negatively affected progress substantially

The scores given were then averaged for each sub-theme (UNDP/Sri Lanka, 1994: 17, 46-7).

Myanmar: external evaluation using classification

In an earlier evaluation of the programme in Myanmar, 51 projects were each classified as satisfactory, unsatisfactory or partially satisfactory/partially unsatisfactory (UNDP/Myanmar, 1992: 29). In this case, the judgement was made by the evaluation team rather than the implementing staff. Broad conclusions about country programme effectiveness were guided by the proportion of projects which were judged (for example) successful, unsuccessful or partially successful.

Comparators and counter/factuals

Having established the conceptual nature of criteria by which country programme strengths and weaknesses are to be judged and identified means to obtain and present information on these performance criteria, it is then necessary to establish a basis for comparison. Should the achievements of the country programme be compared to other country programmes executed by the same donor; to the country programmes of other donors in the same country (UNDP, 1997: 3); or against a counter-factual (what would have occurred in the absence of the country programme)? There are strengths and weaknesses to each approach.

If it is possible to find another donor with a similar programme operating in the same country, this may be a major focus of the evaluation. This may be hard given that country programme mix, priorities, target areas or target groups may differ considerably between donors operating in any given country. Often, however, it is possible to identify a suitable comparator for certain activities or sectors. This should be attempted whenever possible. Few of those CPEs we reviewed attempted any such comparison.

The counterfactual case (what would have happened without the country programme) is extremely hard to determine. The World Bank notes that relating country performance to Bank assistance is:

> "a difficult topic, especially when the Bank's influence on policy reform is shared with the Fund and Government, when its lending role is overtaken by international capital markets and other donors,…and when there are numerous external shocks." (World Bank 1999: 4)

The temptation is to compare the country situation "before" and "after" the period of donor assistance and use this to make broad conclusions about how the situation "without" aid would have compared to that "with". This is not a satisfactory basis for evaluation in most cases: the myriad of non-aid influences over the period in which aid was provided makes it extremely hard to attribute change to donor assistance. The before-after comparison may be of some use at the micro-scale (at project level) if there is good baseline data and a comparable non-beneficiary area or group.

It might also be possible to make some *general* counter-factual assumptions at the other end of the scale under very specific (and rare) conditions: if the donor concerned has clearly dominated aid flows to the partner country in question, if it is reasonable to assume that no other donor would have filled its place, and if there is enough baseline data and a good macro-economic model which would allow some predictions of how the economy would have been likely to develop from this base in the absence of donor aid.

Under most conditions, however, a counterfactual may simply not be possible. The IDB has distinguished five conceptual approaches to the construction of a counterfactual, one of which is based upon country-level comparators (see Appendix 2.7). In practice there are problems with each of these five approaches, most of which have never been applied in CPEs. Nonetheless, they are worth attention. Donors attempting to undertake a CPE should consider whether a counterfactual might, in combination with other approaches, help to guide their understanding of aid effectiveness.

In Zambia, the World Bank concluded that "Bank assistance has not turned the Zambian economy around, but has kept GDP from falling further" (World Bank, 1996: 50). This illustrates one of the weaknesses of the before-after calculation of country programme impact. If the country situation declines rapidly – due to regional or global economic crisis, commodity price collapse, bad harvests or political instability – then a country programme could be judged to have had positive impact in cushioning the fall. But to identify and measure this kind of impact, when indicators show stagnation or even decline, is very hard.

The themes of counterfactual comparison, attribution and partnership are closely connected. Issues of synergy and attribution could potentially be better dealt with through joint evaluations (World Bank, 1999: 4).

Co-operation in the CPE process: multi-donor and joint evaluations

There is a strong theoretical case for co-operation in country programme evaluation, on grounds of both principle and practice. In reality a number of factors limit the possibilities for joint (donor-partner) or multi-donor country programme evaluations.

There are several reasons why partnership in CPEs is desirable. First, there may be gains in efficiency. CPEs can be expensive and time-consuming. If two or more donors can carry out a joint evaluation for less than it would cost them to carry out separate evaluations, then this is obviously to be desired. To put it another way, the potential cost savings on a joint evaluation may make it possible to do more with a fixed research budget: the scope or depth of the evaluation can be improved, or the frequency with which evaluations are held can be increased, both of which would improve their ability to contribute to programme improvements. Certainly the contextual analysis (the assessment of economic structure and prospects; analysis of processes, indicators and incidence of poverty; evaluation of partner government policy environment and capabilities; and description of the country-level aid environment) could profitably be shared between two donors.

Secondly, there are methodological advantages to multi-donor evaluation. This is obviously related to the previous point on cost savings, if it means that an equal or superior analysis is obtained for less cost. As mentioned already, one of the most important conceptual questions concerns the choice of yardstick against which any given country programme should be evaluated. The logical choice in most cases would be the country programme of a similarly sized and oriented donor in the same country, yet the amount of information on another donor's programme which is available in the public domain may be very limited. Multi-donor CPEs could, in theory, provide a way to achieve more detailed comparators.

Thirdly, donor co-operation in CPEs has considerable potential for spillover effects, facilitating improved donor co-ordination in country programming (an area in which official aid is generally in need of much improvement: a point made by USAID with regard to Indonesia).

Multi-donor evaluations may in theory be attractive for the partner government. Providing input to donor CPEs imposes an extra burden upon under-resourced partner governments. There are thus potential advantages for government officials if they could answer the questions of two or more donors at once rather than have to formulate replies to the same set of questions from several donors in succession. Increasing partner country ownership of the evaluation can be an important contribution to improving aid co-ordination and coherence.

Unfortunately, however, donors perceive various practical impediments to joint evaluations. Donor country programmes usually have different timeframes. If the CPE is intended to relate to a specific programme cycle, what is a good time to conduct a CPE for one donor may not be a logical evaluation point for another. Donors differ in their global institutional goals: if one donor wishes to evaluate its country programme against the goal of poverty reduction and the other donor has multiple goals then joint evaluation will be hard. The difficulties of evaluating different aid instruments against common criteria, an issue for any single donor, may be even more pronounced in joint evaluations. These problems are not insurmountable and some (such as the issue of comparing different aid instruments) can be seen as opportunities as well as constraints. These problems do, however, help to explain why so few joint country programme evaluations have been carried out to date, despite the fact that several donors (particularly the multilaterals) have expressed their commitment to the idea of multi-donor evaluations.

Effective partnership between donors and partner government in the CPE process also appears to be very rare in practice despite numerous agencies stating their commitment to partnership and accountability in principle. Most CPEs state that the report is a product of the donor agency or of the independent consultancy, commissioned by the donor agency.

If there appear to be serious practical obstacles to multi-donor or joint, donor-partner country programme evaluations, there are a number of intermediate approaches which stop short of full co-operation but do serve to increase partner participation and reduce donor overlap. Including partner government representatives on the steering committees of the CPE (as in the most recent CPEs carried out by the Netherlands) would appear to be a significant step in the direction of greater partnership. In one case, rather than carry out a joint CPE, a bilateral donor has opted to follow in the wake of major country evaluations carried out by the World Bank, incorporating the findings of the Bank's contextual analysis in their own CPE. Donors should certainly study CPEs already carried out by others when they themselves seek to evaluate a country programme (*e.g.* Irish Aid and the World Bank both summarised the findings of a SIDA CPE in Zambia). Donors could also make more use of programme or sectoral evaluations carried out by other donors or by the partner government: this could yield comparators (see above) and suggest evaluation methodologies.

Once again, however, there appear to be serious obstacles to partner government participation in country programme evaluation. There is relatively little to be gleaned from the CPEs reviewed on this topic: however, DAC evaluators note that many partners appear to have little interest in participating in country programme evaluation. Multi-donor evaluations may be perceived as actively threatening (as an example of donors "ganging up" on the partner government to impose a common agenda).

Conclusions

This review of the rationale, scope and methodological practicalities of country programme evaluations conducted between 1994 and 1999 reveals considerable variation. There are several ways in which a typology of CPEs could be constructed. Two seem particularly attractive. The first typology is based upon the rationale for the CPE (the goals against which performance is evaluated and the relationship to decision-making) and the second upon the "depth" of the evaluation (in terms of the criteria which it attempts to assess: essentially, whether or not it attempts to evaluate impact). It should be emphasised that these are descriptive rather than prescriptive typologies: there is no single "right" model, given that donors use CPEs for different purposes and design them accordingly.

With this caveat, we would suggest that it is possible to identify examples of good practice and a movement towards a consensus regarding what constitutes the best approach under given circumstances. We have summarised these observations in Box 2.5 as a ten-point set of guidelines. This defines CPEs and sets out the general principles that donors and their partners might follow. For example, we detect strong support for CPEs to look at systemic aid management issues, on both the donor and recipient sides, an undercurrent of enthusiasm for more joint evaluation, and a commitment for greater partnership between donors, recipient governments, and other stakeholders. We also find a strong commitment to use CPEs constructively for policy formulation, and to share the results publicly wherever possible. Less prescriptively, Appendix 2.8 provides an open checklist of questions for those commissioning or undertaking a country programme evaluation.

The statement of good practice leaves a number of issues to be debated. Four stand out.

First, we find several agencies struggling with the identification and attribution of impact, whereas others do not worry too much about impact at all. It is clearly very hard to assess the impact of a country programme, especially when the programme a) is small in relation to total donor flows, and/or to the scale of public sector activity and/or b) employs a diverse range of instruments (programme aid, technical co-operation, food etc.), and channels (partner governments, NGOs, multi-laterals, etc.), some donors have concluded that the measurement of impact is essentially a research task, unsuitable to the time span and other constraints of the country programme evaluation process. Others have argued that a) assessing impact is essential, and b) some simplification is possible – perhaps by using proximate measures of impact, stakeholder scoring or classification, or checklists. There is still much work to do with regard to impact analysis at the country level.

Secondly, the question of scale and cost also needs discussion. Full-blown CPEs obviously cost more than "quick and dirty" CPEs, but we found the correlation between scope and cost to be ambiguous. The cost of a given CPE exercise (in money and time) was generally not stated explicitly in the documents we reviewed. However, some relatively simple CPEs appear to have been comparatively labour-intensive, while some of the more ambitious CPEs seem to have been carried out with relatively little time input. Some CPEs were very expensive indeed, obviously too expensive to repeat for every country.

Thirdly, there is an argument for more attention to the influence on country programme performance of issues external to the design and management of the country programme itself. These influences can be categorised as *systemic* (based in country programme -donor headquarter relations) and *holistic* (the trade, investment, strategic and historical aspects of bilateral relations which impinge upon aid performance). Few of the CPEs that we reviewed paid much attention to these contextual issues, when systemic issues in particular may have an important role to play in explaining the effectiveness of aid at the country level.

The fourth key point for discussion is the issue of how to use CPEs constructively for policy formulation. Many CPEs also made explicit how they would be disseminated (to the Board of the agency, to the partner government, to the donor Parliament or to the general public). Several donors were committed to share the results publicly wherever possible. Once again, "best practice" depends in large part on the nature of the donor, the partner government and the country programme.

The key questions for donors thus concern the amount of money and time they should spend on a CPE under given circumstances. These decisions should be guided by a consideration of the inherent evaluability of the country programme in question, realistic expectation of how the CPE findings will relate to practice. A short and simple sketch may be the most appropriate approach when a) the nature of the instruments or channels of aid make it hard to attribute or measure impact; b) weak monitoring systems and poorly organised country programme documentation provide a weak information base; or c) when other considerations (the *realpolitik* of non-aid donor motivations or a partner government which lacks the will to review and adapt the terms of aid and development policy) mean that recommendations for significant change are unlikely to be implemented. A more ambitious research effort may be justified when aid activities are amenable to evaluation, when there are enough resources (existing information, time, money and skills) available for the evaluation, and when there are reasonable expectations that the donor and partner will actually act upon recommendations. Ideally, all donors should commit themselves to programmatic reviews as part of their regular country programme cycles. In reality, there are limits to how many large-scale CPEs donor agencies can handle and how many recipient countries can cope with.

Box 5: Recommendations for good practices in country programme evaluation

1. The terms of reference (Tor) for a CPE should clearly state the purposes (input to a programme cycle or to a country strategy more generally (forward-looking CPEs), or provide a more general review of "lessons learned," perhaps as the basis for inter-country comparison or evaluation of agency-wide policy (historical CPEs); the timing; and the ways in which the findings are to feed into policy or practice (approval, dissemination and follow-up procedures).

2. The ToR should clearly specify the goals (*e.g.* poverty reduction, growth in certain sectors) against which country programme success or failure must be judged. These goals may be those of the individual projects; of the country programme (if a country strategy is in existence); or of the agency as a whole. If the CPE is to examine more than one level of goals, or if goals have changed over time, it should address specifically the relationships (complementary or contradictory) between goals at different levels.

3. The terms of reference for CPEs should generally require the evaluators to consider the influence of systemic issues, *i.e.* policy and administrative constraints affecting the programme, on both the donor and recipient sides. Appropriate expertise, time and access should be allotted to these tasks.

4. Evaluation criteria should be both realistic and explicit. Consideration should be given to the use of scoring systems (ideally comparable between sectors and between countries).

5. Evaluators should specify comparators. This may be achieved by carrying out CPEs jointly among a number of donors. Alternatively, evaluators should seek to obtain programme, sector or project evaluation reports from other donors. This will allow at least some elements of country programme performance to be benchmarked.

6. CPEs will not necessarily attempt to undertake primary research. Detailed analysis of impact is always desirable but may be beyond the scope of most CPEs. Donors should design CPEs on the basis of what is feasible and justifiable in a given situation: when impact evaluation is impossible or can only be obtained at a prohibitive cost, this should be acknowledged and the goals of the CPE limited, realistically, to a rigorous examination of the relevance, efficiency and sustainability of the country programme.

7. More could be done to translate principles of partnership into reality. There are undoubtedly obstacles to joint or multi-donor evaluations but donors should continue to try to overcome these obstacles. Mechanisms for information-sharing between donors could include: consultation prior to design of ToR; partner-country or joint partner-donor advisory groups; presentation of draft findings to stakeholder groups for review; and invitations for a formal partner reaction to draft and final documents.

8. Whoever manages the CPE, the team carrying out the study should consist of nationals of both the donor and recipient countries.

9. The widest possible stakeholder consultation and involvement is required in CPEs. In addition to informal interviews, consideration should be given to using customer surveys, focus group discussions and/or field-based participatory methods.

10. Reporting and follow-up procedures should be specified in advance. Normally, CPEs will be discussed either by senior management, by the governing body of an institution, or by the donor Parliament. There is a strong case for circulating them to other country programmes run by the donor. If they can also be made available to the taxpaying public, other donors (particularly in the same country, but also at DAC/donor headquarters level) and implementing partners such as NGOs, this is to be desired.

APPENDIX 2.1

CPE BY COUNTRY AND REGION

AFRICA	Known to exist
Benin	2
Botswana	1
Burkino Faso	2
Cameroon	1
Cape Verde	1
Côte d'Ivoire	2
Egypt	1
Ethiopia	2
Ghana	1
Guinea-Bissau	1
Kenya	2
Lesotho	2
Liberia	1
Madagascar	1
Malawi	1
Mali	1
Mauritania	1
Mauritius	1
Morocco	1
Mozambique	1
Niger	1
Rwanda	1
Senegal	1
South Africa	2
Tanzania	11
Togo	1
Uganda	4
Zambia	4
Zimbabwe	3
Total	**54**

ASIA AND ARABIA	Known to exist
Bangladesh	5
Bhutan	1
Cambodia	2
China	2
India	3
Indonesia	1
Myanmar	1
Nepal	5
Pakistan	2
Palestine	1
Papua New Guinea	1
Philippines	1
Sri Lanka	4
Thailand	2
Yemen	1
Total	**32**

AMERICAS	
Argentina	1
Bolivia	3
Dominican Republic	1
East Caribbean	1
Ecuador	2
Jamaica	2
Nicaragua	4
Peru	3
Total	**17**

CEE/CIS/TRANSITIONAL ECONOMIES	
Albania	1
Georgia	1
Kirghizistan	2
Poland	2
Ukraine	1
Total	**7**

APPENDIX 2.2

CPE BY DONOR

BILATERALS	Known to exist	Obtained	Reviewed
Australia	4	2	
Austria	1	1	
Commonwealth	1	1	
Denmark	4	4	2
Finland	3	1	
France	5	3	
Ireland	6	6	4
Japan	9	9	
Netherlands	6	6	3
Norway	2	2	1
Sweden	8	6	5
Switzerland	23	1	
UK	2	2	
Total	74	44	15

MULTI-LATERALS	Known to exist	Obtained	Reviewed
MULTILATERAL DEVELOPMENT BANKS			
IDB	2	2	2
World Bank	20	7	3
OTHER MULTILATERALS			
EU	10	10	2
UNDP	4	4	3
Total	36	23	10

APPENDIX 2.3

COMPLETE LIST OF KNOWN CPE, BY TITLE, DONOR, PARTNER COUNTRY AND DATE

ID	Title	Donor	Country	Year	Obtained	Reviewed
1	Review of the effectiveness of Australian development assistance to Cambodia.	Australia	Cambodia	1991	no	no
2	China country programme: effectiveness review.	Australia	China	1998	yes	no
3	Effectiveness review of Australian development co-operation with China.	Australia	China	1991	no	no
4	Review of the effectiveness of Australian development co-operation with Indonesia.	Australia	Indonesia	1992	yes	no
5	Programming system of the Austrian Development Co-operation (DC) with Cape Verde PSCV 1996-98.	Austria	Cape Verde	1997	yes	no
6	Evaluation of Commonwealth Fund for Technical Co-operation (CFTC) assistance to Uganda	Commonwealth Secretariat	Uganda	1997	yes	no
7	Evaluation report: poverty alleviation: Nepal country programme (2 volumes).	Denmark	Nepal	1995	yes	yes
8	Evaluation of poverty reduction in Danish development assistance: country study Uganda (2 Volumes)	Denmark	Uganda	1996	yes	yes
9	Evaluation of poverty reduction in Danish development assistance: Country strategy Zimbabwe (2 vols)	Denmark	Zimbabwe	1996	yes	no
10	Evaluation report: country planning of Danish development assistance illustrated by the case of Zimbabwe	Denmark	Zimbabwe	1993	yes	no
11	Evaluation de l'aide de l'Union Européenne aux Pays ACP. Evaluation sur le terrain, Etude de Pays No. 4: Cameroun.	EU	Cameroon	1998	yes	no
12	Evaluation de l'aide de l'Union Européenne aux Pays ACP. Evaluation sur le terrain, Etude de Pays No. 3: Côte d'Ivoire.	EU	Cote d'Ivoire	1998	yes	no
13	Evaluation of EC aid to ACP countries Field Phase. Case study No. 7: East Caribbean	EU	East Caribbean	1998	yes	no
14	An evaluation of development co-operation between the European Union and Ethiopia, 1976-1994.	EU	Ethiopia	1996	yes	no
15	Mid-term evaluation of Tacis activities in Georgia: evaluation report.	EU	Georgia	1998	yes	no
16	Evaluation of EC aid to ACP countries Field Phase. Case study No. 6: Jamaica.	EU	Jamaica	1998	yes	no
17	Evaluation of EC aid to ACP countries Field Phase. Case study No. 5: Liberia.	EU	Liberia	1998	yes	yes
18	Evaluation of EC aid to ACP countries Field Phase. Case study No. 1: Tanzania	EU	Tanzania	1998	yes	no
19	Ukraine: evaluation of EC country programme Final report (Vol. 1 Main report)	EU	Ukraine	1998	yes	no
20	Evaluation of EC aid to ACP countries Field Phase. Case study No. 1: Zimbabwe	EU	Zimbabwe	1998	yes	yes
21	The Department end-of-project review mission: Sri Lanka.	Finland	Sri Lanka	1997	no	no
22	Evaluation of Tanzanian country programme.	Finland	Tanzania	1994	no	no
23	Evaluation of the development co-operation between Tanzania and Finland.	Finland	Tanzania	1995	yes	no
24	L'aide francaise au Bénin: évaluation de la politique française (1985-1995)	France	Benin	1995	yes	no
25	L'aide française au Burkino Faso.	France	Burkino Faso	1989	no	no
26	L'aide française a la Mauritanie 1980-1994: rapport des experts.	France	Mauritania	1994	yes	no
27	L'aide française a l'Ile Maurice, 1979-1989.	France	Mauritius	1990	no	no
28	L'aide francaise au Senegal 1984-1993: rapport des experts	France	Senegal	1995	yes	no
29	Country programme Evaluation: Dominican Republic	IDB	Dominican Republic	1997	yes	yes
30	Country programme Evaluation: Ecuador	IDB	Ecuador	1997	yes	yes
31	Irish Aid's Ethiopia country programme : the report	Ireland	Ethiopia	1997	yes	yes
32	Irish Aid: Lesotho. Country programme review.	Ireland	Lesotho	1994	yes	no
33	Irish Aid South Africa country programme : review document	Ireland	South Africa	1997	yes	yes
34	Irish Aid: Tanzania. Country programme review and planning framework (1997-1999), revised draft	Ireland	Tanzania	1996	yes	yes
35	Country programme review and proposed framework for three-year plan: Irish Aid Uganda 1997-1999.	Ireland	Uganda	1996	yes	no

ID	Title	Donor	Country	Year	Obtained	Reviewed
36	Zambia: country programme review and planning process.	Ireland	Zambia	1996	yes	yes
37	Bangladesh	Japan	Bangladesh	1989	yes	no
38	Kenya	Japan	Kenya	1990	yes	no
39	Nepal	Japan	Nepal	1992	yes	no
40	Pakistan	Japan	Pakistan	1993	yes	no
41	Papua New Guinea	Japan	Papua New Guinea	1993	yes	no
42	Peru	Japan	Peru	1996	yes	no
43	Sri Lanka	Japan	Sri Lanka	1990	yes	no
44	Tanzania	Japan	Tanzania	1995	yes	no
45	Thailand	Japan	Thailand	1995	yes	no
ID	**Title**	**Donor**	**Country**	**Year**	**Obtained**	**Entered**
46	Evaluation of the Netherlands development programme with Bangladesh, 1972-1996.	Netherlands	Bangladesh	1998	yes	yes
47	Bolivia: summary of the Netherlands development programme with Bolivia.	Netherlands	Bolivia	1998	yes	no
48	Egypt: summary of the Netherlands development programme with Egypt 1975-1996.	Netherlands	Egypt	1998	yes	no
49	Evaluation of the Netherlands development programme with India, 1980-1992.	Netherlands	India	1994	yes	yes
50	Evaluation de la coopération bilatérale entre le Mali et les Pays-Bas, 1975-1992.	Netherlands	Mali	1994	yes	no
51	Evaluation of the Netherlands development programme with Tanzania, 1970-1992.	Netherlands	Tanzania	1994	yes	yes
52	Evaluation of the Development Co-operation between Norway and Nicaragua.	Norway	Nicaragua	1998	yes	yes
53	Evaluation of the Tanzania-Norway Development Co-operation 1994-1997	Norway	Tanzania	1999	yes	no
54	SIDA development assistance to Botswana, an evaluation of 27 years of development co-operation.	Sweden	Botswana	1993	no	no
55	Facing a complex emergency: an evaluation of Swedish support to emergency aid to Cambodia.	Sweden	Cambodia	1995	yes	no
56	Evaluation of Swedish development co-operation with Guinea-Bissau.	Sweden	Guinnea-Bissau	1994	yes	yes
57	SIDA development assistance to Lesotho 1966-93.	Sweden	Lesotho	1994	no	no
58	Now's the time: an evaluation of Swedish development co-operation with Nicaragua.	Sweden	Nicaragua	1994	yes	yes
59	Sweden's assistance to Poland: an overview evaluation.	Sweden	Poland	1994	yes	yes
60	Evaluation of Swedish development co-operation with Tanzania	Sweden	Tanzania	1994	yes	yes
61	Evaluation of Swedish development co-operation with Zambia.	Sweden	Zambia	1994	yes	yes
62	? [review]	Switzerland	Bangladesh	1995	no	no
63	? [self-evaluation]	Switzerland	Bangladesh	1995	no	no
64	? [self-evaluation]	Switzerland	Benin	1999	no	no
65	? [review]	Switzerland	Bhutan	1997	no	no
66	? [self-evaluation]	Switzerland	Bolivia	1998	no	no
67	? [self-evaluation]	Switzerland	Burkino Faso	1998	no	no
68	? [self-evaluation]	Switzerland	India	1998/9	no	no
62	? [review]	Switzerland	Kirghizistan	1998	no	no
62	? [external evaluation]	Switzerland	Kirghizistan	1998	no	no
69	? [review]	Switzerland	Madagascar	1998	no	no
70	? [self-evaluation]	Switzerland	Nepal	1997	no	no
71	? [external evaluation]	Switzerland	Nepal	1997	no	no
72	? [review]	Switzerland	Nicaragua / Central America	1997	no	no
73	? [self-evaluation]	Switzerland	Nicaragua / Central America	1997	no	no
74	? [self-evaluation]	Switzerland	Pakistan	1998/9	no	no
75	? [review]	Switzerland	Palestine	1997	no	no

ID	Title	Donor	Country	Year	Obtained	Reviewed
76	? [review]	Switzerland	Peru	1998	no	no
77	? [self-evaluation]	Switzerland	Peru	1998	no	no
78	? [review]	Switzerland	Rwanda	1997	no	no
79	? [external evaluation]	Switzerland	South Africa	1999	no	no
80	? [review]	Switzerland	Tanzania	1998	no	no
81	? [self-evaluation]	Switzerland	Tanzania	1998	no	no
82	Assessment of the SDC country programme for Tanzania 1993-1998. [external evaluation]	Switzerland	Tanzania	1998	yes	no
83	Evaluation of DFID's support to poverty reduction: India country study country synthesis (draft).	UK	India	1999	yes	no
84	Evaluation of DFID support to poverty reduction: Zambia country study country (draft).	UK	Zambia	1999	yes	no
ID	**Title**	**Donor**	**Country**	**Year**	**Obtained**	**Entered**
85	Myanmar Fifth Country programme: a review (Volume 1)	UNDP	Myanmar	1993	yes	yes
86	Evaluation du 5e programme (1992-1996) du Niger.	UNDP	Niger	1995	yes	no
87	Independent evaluation of UNDP's Fifth country programme of Sri Lanka	UNDP	Sri Lanka	1994	yes	yes
88	Uganda: Evaluation of 4th country programme	UNDP	Uganda	1996	yes	yes
89	Albania country assistance review.	World Bank	Albania	1998	no	no
90	Argentina country assistance review.	World Bank	Argentina	1996	yes	no
91	Bangladesh country assistance review.	World Bank	Bangladesh	1998	no	no
92	Bolivia country assistance review.	World Bank	Bolivia	1998	no	no
93	Côte d'Ivoire country assistance review.	World Bank	Cote d'Ivoire	1997	no	no
94	Ecuador: country assistance note.	World Bank	Ecuador	Post-1994	no	no
95	Ghana country assistance review.	World Bank	Ghana	1995	yes	yes
96	Jamaica: country assistance note.	World Bank	Jamaica	Post-1994	no	no
97	Kenya: country assistance note.	World Bank	Kenya	1998	no	no
98	Malawi: country assistance note.	World Bank	Malawi	Post-1994	no	no
99	Kingdom of Morocco country assistance review.	World Bank	Morocco	1997	yes	no
100	Rebuilding the Mozambique Economy	World Bank	Mozambique	1998	yes	yes
101	Nepal: country assistance note.	World Bank	Nepal	Post-1994	no	no
102	Philippines country assistance review.	World Bank	Philippines	1996	yes	no
103	Poland country assistance review.	World Bank	Poland	1997	yes	no
104	Sri Lanka: country assistance note.	World Bank	Sri Lanka	Post-1994	no	no
105	Thailand: country assistance note.	World Bank	Thailand	1998	no	no
106	Togo: Country Assistance Note	World Bank	Togo	1998	no	no
107	Yemen: country assistance review	World Bank	Yemen	Post-1994	no	no
108	Zambia country assistance review.	World Bank	Zambia	1996	yes	yes

APPENDIX 2.4

THE CPE REVIEW INSTRUMENT (CODING SHEET)

		Format of answer
1	**Donor**	
2	**Country under study**	
3	**Year of research**	
4	**Year published**	
5	**Month published (if available)**	
6	**Number of pages (report)**	
7	**Number of pages (appendices)**	
8	**Number of researchers**	
9	**Mix of researchers**	
	Donor staff	Number
	Independent Northern consultants	Number
	Staff from partner organisations (*e.g.* contracted NGOs)	Number
	Partner government programme staff	Number
	Partner government M&E staff	Number
	Country nationals (consultants, academics, NGOs, etc.)	Number
	Researchers from other countries in the South	Number
	Beneficiaries	Number
10	**Time taken for fieldwork in country**	
11	**Who wrote ToR**	
	Donor country office	y/n
	Donor HQ	y/n
	Partner government	y/n
	Partner implementing agencies (*e.g.* NGO)	y/n
	Beneficiaries	y/n
12	**Nature of programme goals which CPE seeks to examine**	
	Individual project goals	y/n
	Country strategy goals	y/n
	Agency-wide goals	y/n
	DAC goals (21st century partnership)	y/n
	Other	WRITE
	Notes	WRITE
13	**Discussion of relationship/disjuncture between goals**	y/n
14	**Definition of goals**	
	Economic growth	y/n
	Poverty reduction	y/n
	Democratisation	y/n
	Administrative reform/good governance/decentralisation	y/n
	Sustainable development	y/n
	Other	WRITE
	Notes	WRITE

15	**Criteria - for each, yes/no and brief note on definition/measurement**	
	Efficiency (input: output ratios)	y/n WRITE
	Effectiveness/efficacy (achievement of immediate objectives)	y/n WRITE
	Impact (achievement of overall objective)	y/n WRITE
	Institutional sustainability	y/n WRITE
	Environmental sustainability	y/n WRITE
	Relevance	y/n WRITE
	Additionality	y/n WRITE
16	**Comparators**	
	Not explicit	y/n
	Other ODA country programmes in that country	y/n
	Other country programmes by same donor in other countries	y/n
17	**Time period under review**	
	Years from / to	WRITE
	Is this a distinct programme cycle?	y/n
	Date of country programme strategy papers (if any)	WRITE
18	**Information base / methodology**	
	Interviews with senior agency staff (capital in country)	y/n
	Interviews with senior agency staff (HQ)	y/n
	Review of agency country programme documentation	y/n
	Commissioned background studies	y/n
	Interviews with partner government staff	y/n
	Project visits (interviews, staff workshops, documents)	y/n
	Fieldwork/beneficiary consultations	y/n
	Other	WRITE
	Notes	WRITE
19	**Contents of country background**	
	Economic structure/performance/prospects	y/n
	Poverty profile: numbers below poverty line, HDI indicators	y/n
	Poverty analysis	y/n
	Partner government politics and development policy analysis	y/n
	Aid environment analysis	y/n
	Socio-cultural description/analysis	y/n
	Local project area needs analysis	y/n
	Other	WRITE
	Notes	WRITE

20	**Background on country programme**	
	Quantitative/descriptive	y/n
	Qualitative/decision-making processes	y/n
	Explicit description of problems/constraints - exogenous	y/n
	Explicit description of problems/constraints - endogenous	y/n
	Reference to agency-wide/systemic/donor HQ influences on Country programme	y/n
	Other	WRITE
	Notes	WRITE
21	**Methodology / analytical tools**	
	Descriptive	y/n
	Econometrics	y/n
	Scale classification (macro/meso/micro)	y/n
	Scoring of achievements against defined criteria	y/n
	Other	WRITE
	Notes	WRITE
22	**Information on feedback**	
	Explicit summary of recommendations	y/n
	Linked to planning document	y/n
	Reference to previous CPE	y/n

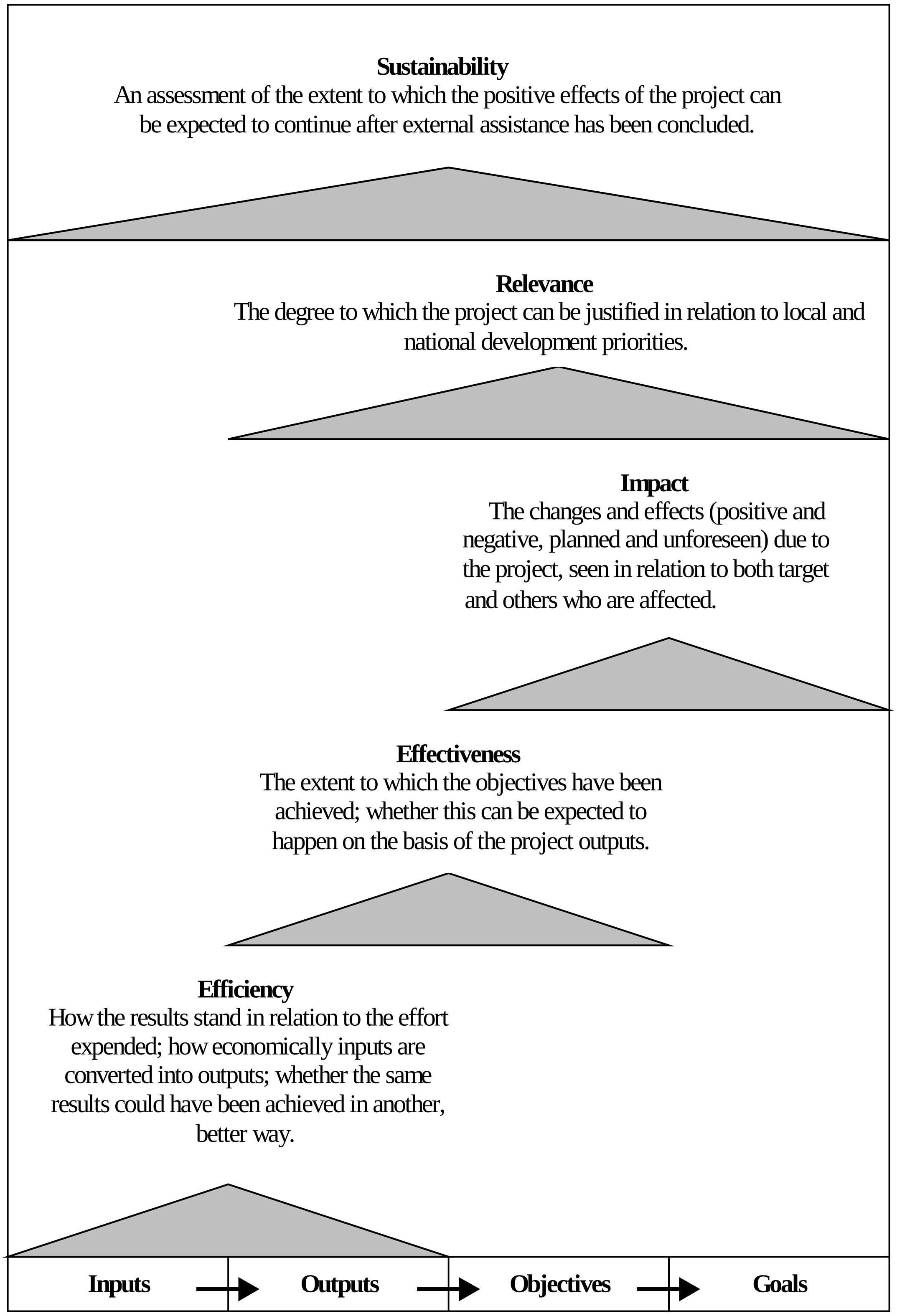
APPENDIX 2.5

LIST OF DONOR REPRESENTATIVES MET

DAC	Hans Lundgren Maria Iarrera
DFID	Chris Raleigh
Inter-American Development Bank	Jean-Michel Houde Charles Szabo Frederick Schieck
IMF	Eduard Brau
Netherlands	Ted Kliest
UNDP	Khalid Malik Abdenour Benbouali Nurul Alam
USAID	Gerry Britan Susan Merrill
World Bank	Elizabeth McAllister Osvaldo Feinstein Ruben Lamdani

APPENDIX 2.6

THE RELATIONSHIP BETWEEN EVALUATION CRITERIA AS CONCEPTUALISED IN LOGICAL FRAMEWORK ANALYSIS



Source: adapted from Royal Ministry of Foreign Affairs, Norway, 1993: 31.

APPENDIX 2.7

APPROACHES TO THE CONSTRUCTION OF A COUNTERFACTUAL IN COUNTRY PROGRAMME EVALUATION

1. **Long-run growth models:** forecasts based upon cross-sectional data and a limited number of assumptions with regard to demographics, and resources and using technology. Does not account for factors such as external shocks which might change the pattern of growth.

2. **Large-scale econometric models:** Simulations are run on multi-equation econometric models of the national economy (where such exist) to compare performance with and without assistance.

3. **Country comparisons:** comparing the performance of two countries with similar baseline characteristics, one of which received aid and one did not.

4. **Induced implicit assumptions:** the evaluator uses his or her assumptions about what explains unsuccessful operations to approximate what the situation would be in the absence of that operation.

5. **Ex-ante counterfactual:** at the initiation of a country programme, donor staff should ideally prepare predictions of future country performance likely to occur in the absence of the donor's operations. Country performance is subsequently compared to this and the difference attributed to aid.

(Summarised from IDB, 1999: 4)

APPENDIX 2.8

CHECKLIST FOR DONORS INITIATING A CPE

The following is a list of questions which donors can use to clarify the rationale, scope and approach for any given CPE. The answers to these questions can be used to structure the terms of reference and the mandate for the Steering Committee.

Other guidelines that are particularly valuable (although very different) include IDB 1998 ("Evaluability guidelines") Hopkins 1997 (for the UNDP).

CHECKLIST OF QUESTIONS

Is this a review of

- A distinct programme cycle?
  or
- The entire course of donor-recipient aid relations?

Is the CPE intended to evaluate:

- Relevance of country programme for partner country needs?
- Relevance of country programme for donor agency-wide goals (*e.g.* poverty reduction)?
- Relevance of country programme design for specified country-specific goals?
- Country programme management (efficiency, sustainability)?
- Country programme and agency-wide management (efficiency and sustainability, looking also at HQ-CP relations)?
- Effectiveness and/or impact?

Is the CPE limited to post-facto evaluation? What components are to be evaluated?

Completed projects

- Projects starting in previous cycle, finishing in this cycle
- Projects started in this cycle, finishing in this cycle

Ongoing projects

- Projects starting in previous cycle, extended or not yet finished
- Projects starting in this cycle, not yet finished

Country-level management

Goals of the CPE: is it to

- Evaluate progress to date, making recommendations to improve ongoing country programme?
- Test agency-wide goals (*e.g.* poverty reduction, gender equity) through a CP case study?
- Test agency-wide management policies and practices/relationship between HQ and CPs
- Make formal recommendations for a new country programme document?
- Provide post-facto/historical evaluation of completed projects within ongoing country programme, for application to this and other countries?
- Provide post-facto/historical evaluation of a completed country programme, for application to other countries?

Is the evaluation to examine influence of agency-wide/donor HQ policies and systems on CP performance?

- If yes, allocate time for interviews and document analysis in donor country.

Possibilities for productive joint (two or more) donor CPE?

- What are the potential costs and benefits in a joint evaluation? (Advantages: comparators, cost savings, better able to comment on government without fear of punitive reaction, build basis for improved donor co-ordination. Disadvantages/obstacles: different ideas about scope, focus or cost; reluctance to accept criticism; fundamental differences in development philosophy)
- Which donor(s) would be suitable partners? (similar country programme, similar development aims, established evaluation capacity, willing to give and take honest criticism, agree on cost and process of evaluation)

Possibilities for productive partnership (government-donor) CPE?

- What are the potential costs and benefits in a joint donor-partner evaluation? (Advantages: comparators, build basis for improved aid co-ordination/government ownership of recommendations. Disadvantages /obstacles: different ideas about scope, focus or cost; reluctance to accept criticism; fundamental differences in development philosophy)

Disclosure. The final report is presumably to be supplied to the CP and donor HQ. Is it also:

- Supplied to partner government? If, so, how?
- Supplied to country programmes (of same donor) in other countries for "lessons learned"?
- Supplied to other donors in the same country? How? (*e.g.* as briefing document at CG meetings, through sectoral meetings, etc.)
- Supplied to partner organisations (NGOs, etc.)?
- Supplied to country-level development community generally (*e.g.* placed in NGO apex body libraries, universities and development institutions, etc.)?
- Published in donor country for parliamentary/public debate?
- Made available globally (*e.g.* abstract entered on DAC evaluation inventory website)?

Who/how many people from different stakeholder/researcher groups are to be involved in

	A: Writing ToR	B: Research	C: Steering committee
- From donor HQ			
- From other country programmes (perhaps the M and E unit) of the donor (peer evaluation)			
- From country programme HQ			
- From project staff			
- From partner organisations (*e.g*. implementing NGOs)			
- From other donors operating in that country			
- From Northern academic institutions/consultancies			
- From partner government-Ministry of Finance, aid co-ordinating agencies, M and E/audit units			
- From partner government-partner line ministries and agencies			
- From partner country academic/consultancy institutions			
- From academic/consultancy institutions in neighbouring Southern countries			

What should be included in the country background section? In what depth?

- Economic structure/performance/prospects
- Poverty profile: percentages below poverty line(s), human development indicators
- Poverty analysis: poverty processes, coping strategies, characteristics of the poor/major groups among the poor
- Partner country politics: history, degree of democracy/participation, nature of institutions, bases for mobilisation (ethnicity, class, region…)
- Partner country policy: macro-economic, social, sectoral
- Partner country aid environment analysis: degree of aid dependency, volume and trends in total aid, major actors, perceived comparative advantages
- Socio-cultural description/analyses: gender, class, community, ethnic relations
- Local project area description/needs analysis

Contents of background on donor country programme

Comparators-nothing will be ideal, but there should be an explicit requirement to compare performance when possible

- Country programmes of other donors, same country
- Other country programmes, same donor, especially in same world region
- Comparable projects run by partner government/other donors/NGOs

Attribution, accounting for fungibility and constructing meaningful counter-factuals

- In most CPE situations no clear solution to these issues: but should be drawn to attention of evaluators and considered in writing CPE

Sources of information

Interviews, workshops, documentary file reviews

- Donor HQ staff-regional desk officers, sectoral advisors, etc.
- Donor CP senior staff
- Donor CP project staff
- Partner government-Ministry of Finance, aid co-ordinating agencies, M and E / audit units
- Partner government-partner line ministries and agencies
- Implementing partners (*e.g.* NGOs, contractors)

- Fieldwork/beneficiary consultations

Methodology: data collection and analysis

- Interviews
- Workshop discussions

- Structured workshop discussions: ranking, scoring, classification
- Project evaluation questionnaire: evaluators rank/score/classify projects and national CP (explicit definition of "good", "average", "poor" needed) on basis of interviews/document reviews/workshops
- Self-evaluation questionnaires: CP staff rank/score / classify performance of their projects and national CP (good guidance on "good", "average", "poor" needed); list or prioritise problems faced/strengths and weaknesses
- Client surveys: as above, but projects and CP evaluated by partner government officials or implementing NGOs rather than donor staff
- Econometric analysis: attempt to construct a national economic model and assess counterfactual, non-aid outcomes for comparison
- Fieldwork (project aid): surveys, R/PRA techniques to assess impact, obtain beneficiary perspectives

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- See Appendix 2.1

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CHAPTER 3

COUNTRY PROGRAMME EVALUATIONS IN THE NETHERLANDS' DEVELOPMENT ASSISTANCE: THE CASE OF EGYPT

By Jan Sterkenburg,
Policy and Operations Evaluation Department
Ministry of Foreign Affairs, Netherlands

Summary

The Policy and Operations Evaluation Department has undertaken two sets of country programme Evaluations (CPEs), covering the following six priority countries, for the Netherlands' development assistance: Bangladesh, Bolivia, Egypt, India, Mali, and Tanzania. The objectives of these two sets of studies were to assess the relevance, effectiveness, efficiency and sustainability of the bilateral aid programme. All CPEs covered the full period of bilateral development co-operation, *i.e.* a period of approximately 20 years. The studies had identical approaches and organisation.

The report explains the methodology and main findings of the Egypt country programme evaluation. It includes some experiences with key workshop themes such as the methodology to aggregate findings at country programme level, partnership in the evaluation, and effects on the aid programme.

Country programme level conclusions were pursued by clustering projects into five categories, by covering four of the five projects in the evaluation, which represented an average of 80 to 90% of disbursements in the selected sectors and 70% of all disbursements in the overall country programme over the period 1975-1996.

Policy relevance focused on the orientation of aid activities towards the crucial development problems of Egypt, policy congruence between Egypt and the Netherlands, and the effects of Dutch aid on Egyptian policy. As there were little variation in the relevance assessments among sectors, aggregating findings at country level was relatively easy.

Effectiveness of non-project aid was assessed in the framework of overall donor support and its contribution to alleviating the balance of payments and reducing the debt service ratio. Aggregating the effectiveness of project aid was influenced by substantial differences among (sub-) sectors in the aid programme. Weighed averages of effectiveness at country level on the basis of project and (sub-) sector level ratings would lead to artificial results. Therefore, the analysis focused on the identification of factors influencing success and failure and the role of technical assistance in strengthening institutions.

For efficiency, a set of common phenomena related to programme development and project cycle management could be identified. Also, for sustainability, differences among (sub-) sectors in financial, institutional and environmental dimensions of sustainability were related to common factors.

Partnership in the evaluation process included participation of local experts, discussions with project organisations and ministries involved in the country programme, the incorporation of formal reactions of two key ministries in the final evaluation report, and the establishment of an Egyptian advisory group of independent experts. The Advisory Group played an important role in improving the quality of the

evaluation, incorporating the views of the recipient country and creating common ground for more effective future support.

The results of CPEs and, for that matter, all evaluations of the Policy and Operations Evaluation Department, are highlighted in the policy reaction of the Minister for Development Co-operation attached to the IOB reports when sent to Parliament. The policy reaction on the CPE Egypt includes a number of proposals to increase the relevance, effectiveness and efficiency of Dutch development co-operation with Egypt. These proposals focus on bringing more coherence in the country programme, shifting emphasis from project to sector aid, strengthening public sector institutions, supporting privatisation, enhancing geographical concentration, and improving monitoring systems.

Introduction

The aim of this chapter is to provide an overview of the country programme evaluation (CPE) of the Netherlands' development co-operation with Egypt. Its emphasis is on the evaluations' methodology, the role of the host country in its process and the implications of its findings for the programme's future. The evaluation was part of a series of three CPEs which also included the country programmes with Bangladesh and Bolivia, and was a sequel to an earlier series of CPEs of the aid programme with India, Mali and Tanzania.

The chapter consists of three sections: 1) Background information on country programmes in the Netherlands' development assistance and aid to Egypt. 2) The country programme evaluation of Egypt: evaluation methodology for CPE Egypt and main findings. 3) Observations with regard to key workshop themes.

Background

Country programmes in the Netherlands' development assistance

Country programmes in Dutch development co-operation were introduced in 1984. They were meant to provide a general framework and indications of priority areas or sectors for future co-operation. The bilateral country policy documents contained an analysis of the economy and society of the recipient country, a review of Dutch assistance and policy, and medium-term programme intentions. The country programmes did not contain firm financial commitments, nor did they incorporate concrete targets for the period under review. They did, however, provide the framework for annual plans, which contain more precise intentions and detailed commitments for specific development projects and programmes.

The first set of programmes was relatively brief and covered the period 1985-1988. Subsequent programmes for the period 1989-1992 were more detailed. In those for 1992-1995, priority countries were grouped in regions in order to allow for an analysis of broader common development concerns in these regions.

Currently, programming takes place at regional level which provides a broad framework for overall foreign policy, and specifies strategic objectives for political, economic, cultural and aid relations integrally. Documents were published in 1997-1998 and cover larger regions such as the Middle East, Sub-Saharan Africa and Eastern Europe.

Country policy programmes and regional foreign policy documents are drafted by staff of the regional departments of the Ministry of Foreign Affairs. Inputs for the drafts are provided by staff of the Netherlands' embassies in the countries concerned and thematic and sectoral sections in The Hague.

Recipient countries do not participate in drawing up Egypt's country programme. The Netherlands' embassy acts as intermediary to ensure that the proposals correspond with the policy priorities and procedures of the recipient country. After approval by the Minister for Development Co-operation and, recently, also by the Minister of Foreign Affairs, the programmes are submitted to Parliament.

Country programmes and annual plans usually review the preceding period. However, such reviews tend to be superficial and are not based on a thorough evaluation of the performance of the previous programme or plan period. Until recently, revisions of country programmes were largely inspired by changes in the Netherlands' development assistance policies and agreements reached at international donor platforms rather than by performance of the ongoing activities and policy changes in the recipient country.

Egypt: foreign aid in the country context

Egypt covers approximately 1 million sq. kms, of which, because of its arid climate, only 35 000 sq. kms are habitable and cultivated. In 1996, its population was estimated at about 60 million, half of which were recorded as living in urban areas. Egypt is a Lower Middle-Income country with an average GNP per capita of USD 1 180 (1997). In 1995, some 25% of the population had an average income below the poverty line. Egypt has made impressive achievements in expanding its network of social services. However, the need for further improvement of actual social conditions is reflected in some of the human development indicators. Some 50% of the population aged 15 and over are illiterate. With theoretically full health service coverage and one of the highest doctor/patient ratios in the world, the country's basic health indicators compare unfavourably with those of other countries with similar income levels.

Egypt is one of the biggest recipients of foreign aid in the world. Net disbursements of ODA have averaged more than USD 2 200 million per annum during the past 20 years. Large-scale development assistance started in the mid-1970s when Egypt embarked upon its open-door policy and improved its relations with the Western world. Since then, aid volumes gradually increased and the proportion of grants increased from slightly less than 40% in the 1970s to over 80% in the 1990s.

In per capita terms, total ODA amounted to about USD 100 per annum in the 1990s, which is higher than for most low-income countries and substantially higher than aid to other countries with similar population levels. In spite of the large amounts of aid, however, total ODA represented only some 15% of Egypt's GNP in the 1990s, which is the median figure for Africa.

Bilateral aid accounted for two-thirds of the total aid flow over the period 1970-1994. The United States is by far the most important donor providing almost 45% of all net ODA and some 60% of all bilateral aid during that period. This proportion increased to some 70% during the second half of the 1990s, when the aid volume grew substantially as a result of Egypt's support to the coalition supporting Kuwait during the Gulf War. A second category of donors includes Germany, Japan and France each with shares of 6-10% of bilateral aid. Other bilateral donors, including the Netherlands, contribute relatively small percentages of aid, *i.e.* 1% or less. Aid volumes to Egypt have been closely related to the political situation in the Middle East, in particular to the peace process between Israel and the Arab countries.

Main characteristics of the Netherlands' country programme for Egypt

Development assistance to Egypt was part of the Netherlands' foreign policy of the early 1970s aiming to improve relations with the Arab countries in general, and Egypt as a leading nation in the Middle East in particular. Concerning development aid, Egypt was selected as a priority country because of its high poverty rate. The aid programme focused on encouraging economic growth and economic self-reliance. This focus was related to Egypt's preference for the supply of technologically advanced capital goods for its economic infrastructure and production-oriented activities in the agricultural sector. During the 1980s, capital goods were also requested to further the development in the social sectors (health infrastructure, drinking water and sanitation). Since the mid-1980s, more emphasis has been placed on technical assistance, which has increasingly focused on institutional strengthening in the public sector.

The core of the aid programme consisted of regular bilateral allocations, which increased from USD 8-10 million per annum in the 1970s to USD 17-20 million in the 1990s. These regular allocations represent two-thirds of the total aid volume of USD 480 million over the period 1975-1997. The remaining one-third was allocated on an ad-hoc basis out of special thematic and sectoral budget categories.

Aid has been provided mainly in the form of project aid, totalling 65% of disbursements involving some 300 projects. About one-third of total aid consisted of programme aid, chiefly for commodity import support to those sectors which also received project aid, in particular drinking water and sanitation. Programme aid was also provided for debt relief.

If one combines disbursements for project aid with those for commodity import support for specific sectors, is becomes clear that the Netherlands' assistance focused on three main sectors: water management and drainage, agriculture and animal husbandry, and infrastructure and transport. Taken together, these sectors received two-thirds of total aid disbursements. Another 25% consisted of disbursements to drinking water and sanitation, and health and population. The activities supported for each sector were diverse. For example, in the health sector, as well as covering a number of small-scale activities, Dutch aid also covered the following sectors: provision of equipment to a specialised clinic for the treatment of bilharzia and for rehabilitation centres for the handicapped, support to the production of vaccines, assistance to a broad range of production-oriented and social services projects in the framework of the United Nations Found for Population Activities' (UNFPA) Population and Development Programme, two governorate-level primary health care/reproductive health projects in Damietta and Fayoum, and a tuberculosis control project. For other priority sectors, a similar diversity was observed.

The concentration of aid at governorate level has been considered a priority since the aid programme's inception. It was assumed that such a concentration would result in higher efficiency and effectiveness, provide a way to reduce bureaucracy, put priority on rural development, and enhance opportunities for integrated development planning. In 1986, the Fayoum Governorate was selected as a concentration area for the Netherlands' aid because of its high poverty rate, the Governorate's keen interest in aid from the Netherlands, the number of ongoing projects already supported in the area and the proximity to Cairo which would facilitate supervision by the Netherlands' Embassy.

The country programme evaluation of Egypt

Country programme evaluations: some general characteristics

The Policy and Operations Evaluation Department (IOB) embarked upon a first series of country programme evaluations in 1991. This series dealt with the bilateral development assistance programmes with India, Mali and Tanzania. The respective reports, together with a fourth report containing the main findings and summaries of the three country cases, and a synthesis of common issues on aid management were submitted by the Minister for Development Co-operation to Parliament in mid-1994. In 1995, IOB started a second series of country programme evaluations including the aid programmes for Bangladesh, Bolivia and Egypt.

The objective of both sets of studies was to assess the policy relevance, effectiveness, efficiency and sustainability of the results of the bilateral aid programme with the respective countries. All CPEs covered the full period of the bilateral development co-operation, *i.e.* a period of about twenty years. The studies had an identical approach and organisation. The evaluation started with an inventory of all activities (projects, programme aid, etc.) financed under the programme; subsequently the various activities were clustered into sectors. A number of sectors were selected for detailed evaluation, including field studies. Separate analyses were made of commodity import support, debt relief and other forms of macro-economic support. These studies and the evaluations of project aid in the selected sectors were carried out by teams of independent researchers and consultants involving expatriate and local evaluators. Each country programme evaluation was co-ordinated by an IOB staff member and one external adviser, who together were responsible for writing the final report.

The second set of CPEs differed from the first in several respects. Following the further integration of development co-operation into foreign policy, the aid effort was placed in the context of the overall bilateral relations between the Netherlands and the recipient country. Moreover, greater attention was paid to two priority themes of the Netherlands' development assistance: environment and the role of women in development, and the dynamics of the programme during the period under review. Furthermore, all three CPEs included perception studies to assess how Dutch aid was perceived by the local communities.

Finally, the recipient countries were more closely involved in the evaluation process. This involvement took different forms in the three countries; the main difference being that there were advisory groups in the recipient countries for the Bolivian and Egyptian CPEs, whereas feedback in Bangladesh was organised through sectoral and programme-level seminars. For all three countries, an official reaction was included in the final report. Conversely, aid management in a generic sense was omitted as a specific theme since it received ample attention in the previous series of CPEs, and recent changes in the organisation of the Ministry of Foreign Affairs made evaluation of that theme less opportune. Specific aspects of aid management were, however, included in the efficiency analyses at individual activity and sector levels.

There were also some differences among the CPEs for Bolivia, Bangladesh and Egypt, which were chiefly related to the nature of the aid programme. In this regard, attention to aid channelled through NGOs in the Bangladesh and Bolivia CPEs must be mentioned.

Evaluation methodology CPE Egypt

The first step in the evaluation process was to formulate the objective and key questions to define the main concepts and determine the scope of the study. Key questions were:

- How did the aid programme relate to the recipient country's principal development concerns and to the policies of Egypt and the Netherlands?
- What were the results of the aid programme and how did the programme's activities contribute to the main objectives and priorities of the Netherlands' development assistance?
- How efficiently were the activities organised and carried out?
- To what extent are the results of the Netherlands' development assistance sustainable?

These key questions were subsequently elaborated on in a series of further questions and indicators to assess aid performance.

In addition, two questions which the Minister for Development Co-operation was particularly interested in were added, namely:

- How did the aid programme fit into the overall bilateral relations between the Netherlands and Egypt?

- And what was the effect of the Netherlands'aid programme on Egypt's development policies for the relevant sectors?

A second step in the evaluation process was to identify all bilateral aid activities and disbursements for the full period of the exercise since 1975. This inventory revealed the wide scope and fragmentation of the aid programme and led to the conclusion that it was virtually impossible to examine all supported activities in detail. Therefore, a selection had to be made of those activities to be included in the evaluation. First, activities were grouped into two main categories of aid: non-project aid, or programme aid and project aid. Subsequently, programme aid was sub-divided into commodity import support and financial programme aid. Commodity import support was then classified according to main sectors and combined with project aid provided in the same sectors in order to obtain an overall picture of the Netherlands' assistance to a particular sector. Financial programme aid was evaluated separately on the basis of available secondary sources, in particular evaluation and completion reports of the IMF and World Bank and reports about the performance of the Social Fund for Development.

Project aid was clustered into five main categories: 1) water management and drainage; 2) agriculture and animal husbandry; 3) drinking water and sanitation; 4) health and population; and 5) infrastructure and transport. Activities which did not fit into these categories were classified as miscellaneous. The first four categories were included in the evaluation on the basis of two criteria: their importance in financial terms and their relevance for the programme during the period 1986-1996.

In each cluster included in the evaluation, projects were selected for more detailed assessment. To this end, project profiles were made for all major activities (*i.e.* those over USD 50 000 in disbursements) according to a standard format and on the basis of information available in the files in the Ministry. These profiles contained information concerning a project's justification, history and implementation record, objectives and approach, results and bottlenecks. In addition, they included a tentative assessment of effectiveness and efficiency based on previous project evaluations. Each profile was supplemented with a set of questions to be included in the subsequent field study to fill gaps in knowledge, verify crucial information and add recent developments.

The field studies were contracted out to specialised evaluation teams consisting of Egyptian and European experts. For each field study, separate terms of reference were formulated, which included more detailed key questions, main aspects of evaluation and indicators to measure effectiveness. In order to put the activities supported by the Netherlands in their proper context, a separate analysis was made for each sector in the evaluation involving the main characteristics, potentials and constraints, government policy, the institutional framework, the role of aid in the sector, and the main donors' support to the sector.

In addition, a study was made of the Netherlands' aid provided to the Fayoum Governorate. This area received some 30% of total bilateral project aid in the 1990s.The Fayoum study focused on the value added of geographical concentration at sub-national level and the relevance and effects of the Netherlands' aid as perceived by the governorate administration, and by the beneficiaries in two communities.

Finally, a separate study was made of the bilateral relations between the Netherlands and Egypt, including political, economic, cultural and scientific relations. Trends in these relations since the mid-1970s, and links with the aid programme were assessed.

Various efforts were made to involve participation of the host country in the evaluation process. First, the IOB team that co-ordinated the evaluation visited the relevant administrative bodies in Egypt to discuss the reasons, objectives and approach for the evaluation. Second, an Egyptian advisory group was established to assist in guiding the evaluation process from start to finish. This advisory group consisted of four independent Egyptian academics and experts with knowledge of the various sectors included in the evaluation, and it was chaired by a high-level official from the Egyptian Ministry of International Co-operation. Third, in order to optimise the participation of the host country, all consultants involved in the sub-studies were to select field teams, at least half of whom were Egyptian experts. For quick feedback, the consultant teams presented their preliminary findings to the relevant ministries and other administrative bodies prior to drafting their reports.

Drafts of the team experts' reports and drafts of the final report drawn up by the IOB team were discussed at the Egyptian advisory group. They were also submitted for comment to Egyptian organisations involved in the study, the staff of the Ministry of Foreign Affairs in The Hague and the Netherlands Embassy in Cairo. Finally, the various reports were also discussed in an advisory group in the Netherlands consisting of independent experts and staff of the Ministry of Foreign Affairs.

In order to present the position of the recipient country in the evaluation, a formal comment by the Egyptian Ministry of International Co-operation on the findings and conclusion of the evaluation has been included in the final report. Comments of the Egyptian Ministry of Public Works and Water Resources have been included in the special report on the Netherlands' aid to water management and drainage.

Main findings of CPE Egypt

The foreign policy objectives underlying the provision of aid to Egypt have been achieved. Since the start of the aid programme in the mid-1970s, political relations between the Netherlands and Egypt have intensified and improved. Trade relations between the two countries have expanded: the Netherlands' exports to Egypt have increased considerably and, likewise, so have Egyptian exports to the Netherlands. Development aid *per se* contributed positively to intensifying and improving relations between the two countries.

Aid was oriented principally towards Egypt's economic growth and self-reliance. Representing less than 1% of total aid, the impact of the Netherlands' non-project/programme aid must be assessed in the framework of overall donor support. In this wider context, the effect of programme aid on Egypt's balance of payments, debts service obligations and stabilisation of the economy was highly positive. Support to the Social Fund for Development helped to increase employment opportunities. Part of the project support to water management and drainage and to the agricultural sector also contributed to economic growth.

Several activities also benefited low-income groups by helping to improve production and living conditions. This applied particularly to low-income groups, large cities which had benefited from improvements in drinking water supply and sanitation.

The aid programme's main achievements were the increase in production of state enterprises and provision of better public institution services through the supply of technologically advanced commodities and training of large numbers of staff. However, commodity supplies and technical training did little to improve government institutional functioning, mainly because the public sector's structural problems could not be addressed effectively at the level of individual projects.

Results were best in cases where public agencies oriented their activities towards clients' demand and had sufficient financial autonomy to raise additional revenue, enabling them to offer better employment conditions, to finance other operations, and to cover main tenancy and reinvestment costs. The main causes for lack of success in the Netherlands' project aid were its deficiencies in project preparation and inefficiency within public institutions.

Initially, the sustainability of project aid achievements was low but improved as a result of the recent acceleration of Egypt's economic reform policy and renewed economic growth. The principal factors that enhanced sustainability were a favourable government policy and, for public institutions, their orientation towards client demand and their growing degree of financial autonomy.

The Netherlands' development aid had little influence on Egyptian policies. This is because of the relatively small share of Dutch aid in the total volume provided. Also, its dispersal over several sectors and its focus on a large number of projects which had little relation to one another made it less obvious for the Netherlands to participate intensively in policy discussions. Experiences in two main sectors are illustrative in this respect. The policy framework for the development of Egypt's water management and drainage sector was established under USAID and World Bank covenants. These two donors contributed almost two-thirds of external support to the sector. Likewise, fundamental sector reforms in drinking water and sanitation were the outcome of a policy dialogue between Egypt and USAID, USAID being by far the main donor of the sector. The various activities supported by the Netherlands in both sectors were in line with these Egyptian policies, without the Netherlands being able, or wanting, to influence them. However, experiences gained in projects supported by the Netherlands resulted in insights that facilitated the implementation of policies in the two sectors.

Key workshop themes

The CPE Egypt provides some relevant experiences with regard to the key workshop themes. These are briefly dealt with below under the following headings: Methodology, Partnership in Evaluation, and Effects on the Dutch Aid Programme.

Methodology

As the main objective of CPEs is to assess the effectiveness and impact of aid programmes at country level, an important challenge for evaluators is how to aggregate project and sector level information to arrive at country programme level conclusions.

In the CPE for Egypt, the following analytical steps were taken to arrive at country programme level conclusions:

i) To enable the identification of projects and programme aid activities for the selected period (1975-1996), sufficient projects were included in the evaluation to allow for conclusions at individual sector level (varying between 80 to 90% of disbursements). To enable conclusions to be drawn at the overall country programme level, care had to be taken to cover a sufficient level of disbursements at the total disbursement level (70% of all disbursements over the period 1975-1996).

ii) Clustering of projects in five main sectors. The large number of projects (some 300) and wide variety of supported activities made it necessary to distinguish sub-sectors with a higher degree of homogeneity. For example, in the sector agriculture and animal husbandry, three sub-sectors were distinguished: poultry, horticulture and dairy products. In the water management and drainage sector, activities were grouped according to the following categories: water research, drainage execution and integrated water management at sub-national level.

iii) At project level, relevance appeared from the type of problems addressed and their seriousness as perceived in Egyptian policies and donor documents. Effectiveness was assessed by comparing outcomes of projects with objectives and, where mentioned, with concrete targets. Evaluators were confronted with objectives that were often phrased in general terms, insufficient baseline studies to compare pre-project and after-project situations, and absence of cost-benefit data. Efficiency analysis was in most cases based on project cycle performance (duration of preparations, quality of documents, delays in implementation, cost exceeding budgets, quality of monitoring and evaluations at the project level). Findings for individual projects were aggregated at sector level to arrive at an overall assessment of effectiveness (and efficiency) weighed according to the share in total disbursements for the sector. For each sector, evaluation findings were then related to the main strategic objectives of the Netherlands' development assistance: economic self-reliance, poverty alleviation, environmental conservation and improvement of the position of women. For sustainability, the analysis focused on the three main aspects: financial, institutional, and environmental sustainability. Activities for which aid had been terminated provided a clear insight into the main factors responsible by comparing differences in sustainability among these projects. The potential sustainability of results was assessed in ongoing activities. This method facilitated the identification of relevant factors influencing sustainability at (sub-)sectoral level.

iv) At the country programme level, conclusions were drawn concerning the main aspects of evaluation on the basis of the sector assessments: policy relevance, effectiveness, efficiency and sustainability. Policy relevance comprised the orientation of aid towards Egypt's crucial development concerns, policy congruence between Egypt and the Netherlands, and effects of Dutch aid on Egyptian policy. There were no major difficulties in aggregating findings on policy relevance at the country programme level; almost all activities addressed serious problems, shifts from commodity support to technical assistance, and institutional strengthening reflected the needs in the various sectors and past experiences in the Dutch aid programme. Effectiveness for programme aid was assessed in the framework of overall donor support and its contribution to alleviating balance of payments pressure and reducing the debt service ratio. Aggregating the effectiveness of project aid posed major difficulties because of the differences among (sub-)sectors. Therefore, the analysis focused on the identification of factors influencing success and failure and the role of technical assistance in strengthening institutions. For efficiency, it proved possible to aggregate findings at the country programme level by identifying a set of common phenomena related to programme development and project cycle management. Also, differences in sustainability among sectors were related to identical factors: government policy, the orientation towards client demand and the degree of financial autonomy of public institutions

Partnership in evaluation

The mandate of the Policy and Operations Evaluation Department of the Netherlands' Ministry of Foreign Affairs is to independently assess the results of the Netherlands' development assistance. Following the reassessment of the Netherlands' foreign policy in 1996, the Department's mandate was broadened to include other aspects of foreign policy besides those of development co-operation. The Department reports directly to the minister concerned, who then submits the studies to Parliament. As indicated in each of the studies, the Evaluation Department does not share responsibility for the content of its reports. Within this mandate, however, the Evaluation Department attempts to optimise the participation and contribution of the recipient country in its country programme evaluations.

The main purposes for such participation are:

i) To improve the quality of the evaluations by incorporating the views of the recipient country and its organisations and make use of their detailed knowledge of society and social change in the country concerned.

ii) To share views on the outcome of the evaluation, and contribute to developing a common strategy for further support.

In the case of the CPE Egypt, local experts participated in the process, while the comments of Egyptian organisations involved in projects were included in the evaluation reports by consultants. Egyptian participation was insured by intensive discussions with ministries involved in the development co-operation, participation in the overall evaluation process by an Egyptian advisory group of independent experts and by the incorporation of formal reactions of the Egyptian Ministry of International Co-operation and the Ministry of Public Works and Water Resources in the final evaluation report.

The advisory group in the recipient country was a new phenomenon in the CPEs. It met eight times in the course of the evaluation. In the initial phase, discussion focused on methodology: definition of concepts, use of evaluation criteria, operationalisation of key questions, evaluation approach in the Egyptian context, and relevance of secondary sources such as policy documents and statistics. In a second phase, consultant reports were discussed and comments mainly referred to the identification of the main issues in the selected sectors, recent trends in government policy, deficiencies in arguments on which judgements were based and shortcomings in explanations underlying the findings. In a third phase, the draft IOB reports were discussed, particularly with regard to main findings and conclusions.

The partnership pursued in the CPE Egypt also revealed some limitations. Most of the external experts with sufficient knowledge of the aid programme needed for effective functioning of the Egyptian advisory group had previously also been involved in an advisory or monitoring capacity in the implementation of the programme. The repeated discussions of draft reports and the incorporation of the official Egyptian reaction prolonged the duration of the evaluation. However, on balance, the experience brought positive results as the principal aims, *i.e.* the improvement of quality, the incorporation of views of the recipient country and the creation of common ground for more effective future support were achieved.

Effects on the Dutch aid programme

As mentioned above, the Minister for Development Co-operation forwards the reports of the Policy and Operations Evaluation Department to Parliament together with the policy reaction. This policy reaction usually includes a comment on the main findings, conclusions and recommendations of the evaluation and announces measures to improve the aid programme at issue.

Also, for the CPE Egypt, such a policy report has been sent to Parliament which will be discussed at short notice by the Standing Committee on Foreign Affairs.

The Minister's policy reaction on the CPE Egypt includes a number of intentions and proposals to increase the relevance, effectiveness and efficiency of development co-operation with Egypt. Further details about future policy will become available after discussions in Parliament and consultations with the Egyptian Government. Therefore, the aspects mentioned below are provisional. These include:

- The fragmentation of the country programme, due to the large number of diverse projects, will be further reduced. Attempts have been made in recent years to streamline the programme.

- This process of bringing more cohesion and coherence to the aid programme will be based on a careful selection of a limited number of priority sectors, for which sector support documents will be produced.

- These documents will be based on the Egyptian Government’s policy papers, some of which have been announced already, *e.g.* those for agriculture and health.

- They will specify ways and means to realise joint Egyptian-Netherlands’ development priorities such as poverty alleviation, institutional strengthening, improvement of the position of women and environmental conservation.

- The Egyptian Government’s privatisation policy, indicating the focus of the public sector on key activities and tasks, will be further supported; relevant experiences in projects supported by the Netherlands will be communicated through the appropriate Egyptian channels for the elaboration of policies.

- The geographical concentration of the Netherlands’ aid in the Fayoum Governorate will be continued, and more attention will be given to ways and means to realise the value-added of geographical concentration at governorate level.

- Monitoring of aid activities will be improved by focusing more on output and effects of aid, especially regarding poverty alleviation and improvement of the position of women.

Conclusions

Country programme evaluation in the Netherlands’ development assistance has been comprehensive, complex and time-consuming. The CPE for Egypt lasted for almost three years, cost almost USD 0.8 million and involved 25 consultants of whom 15 were from Egypt. The reason for the long duration was threefold: the wide scope and ambitious objectives of the evaluation; the complexity of the aid programme for Egypt; and intensive consultations with stakeholders in host countries.

The efficiency of the CPEs may be enhanced by limiting their scope and by improving their methodologies. Their duration and costs could also be reduced if more coherent country programmes with clearly formulated objectives and targets at country programme and sector levels, and improved monitoring and evaluation practices at project level, were defined.

It is not advisable to reduce host country participation. Partnership with the host country in the CPE leads to improvement in the quality of the evaluation and to the incorporation of stakeholders’ views in the host country. This provides a better basis for discussion about improvements in efficiency and effectiveness of aid and enhances the prospects for sustainability of results.

Feedback in the Netherlands is favourably influenced by the practice of forwarding evaluation reports to Parliament together with a formal policy reaction by the Ministry for Development Co-operation, and subsequent discussion by the Standing Committee on Foreign Affairs. CPEs have brought improvements in aid management, both at the individual country level included in the exercise, and at the generic level of overall development co-operation.

CHAPTER 4

COUNTRY PROGRAMME EVALUATIONS WORKSHOP
CASE STUDY TANZANIA

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Introduction

This chapter gives an overview of the process of country programme evaluation (CPE), which also has a direct link to the formulation of a subsequent new country programme. It highlights the methodological experience of the Swiss Agency for Development and Co-operation (SDC) in partnership co-operation and participatory approaches applied in CPE with Tanzanian partners. In conclusion, the paper addresses the key workshop theme no. 6 providing a theoretical outline of an effective partner country involvement in CPEs.

Tanzania: country profile

Geography

Tanzania is the twelfth largest country in Africa lying just south of the equator and covering an area of 945 000 square kilometres. It is bordered to the north by Kenya; to the north-west by Uganda Burundi and Rwanda; to the west by the Congo, Zambia and Malawi; and to the south by Mozambique. Tanzania is a Republic formed by the union between Tanganyika and Zanzibar (Unguja and Pemba Islands) in 1964.

Total land area covers 885 000 square kilometres, of which 443 000 are woodlands and only 60 000 are cultivated. Farming still relies on seasonal rainfall (heavy between March and May, and short between October to December). Tanzania is endowed with lakes and rivers covering approximately 60 000 square kilometres of inland water which has not been effectively tapped for agricultural production and provision of safe water to urban and rural areas.

People and population

Tanzania is populated with people of mainly Bantu origins, expressing themselves in a cultural diversity of 120 tribes and over 120 ethnic languages. Kiswahili is the unifying language which is also official and the medium of instruction in primary schools.

The population of the country is estimated to stand at 29.9 million (1997 estimates): 29.1 are found on the Mainland, while Zanzibar has 0.8 million. The mainland population is relatively young, with 49% being under 15 years of age. Women constitute 51% and men 49%. The annual growth rate is estimated at 2.8% while life expectancy averages 50 years for women and 47 for men. 80% of the people live in rural areas, depending on the land for their livelihoods.

Economy

Agriculture remains the backbone of Tanzania's economy, contributing 50% of GDP and 75 to 85% of foreign exchange earnings. The sector employs 90% of the population that engages in small-scale subsistence farming. The main cash crops are coffee, cotton, cloves and cashewnuts. Coffee output was lowered by El Niño rains. Also contributing to the gradual decline, particularly in the North, are inter-cropping, poor plant husbandry, ageing trees and irregular supplies of inputs. Cotton yields were affected by water-logged fields, while ginned cotton suffered the disruption of communication and transport links to ports for export. Low yields of cloves, grown in Zanzibar, are a result of different factors, namely apathy among producers due to strenuous political relations between the major political parties and the emergence of new competitors such as Indonesia, Brazil and China. Other exports include wood and wood products and fish.

Tourism is a potential sector, but is undermined by undeveloped and neglected infrastructure facilities. Although Tanzania witnessed increased numbers of tourists in 1997 compared to previous years, the numbers and earnings were still the least in the region.

El Niño rains had a negative impact on agricultural production, likewise affecting economic performance. The effects of El Niño notwithstanding, the sector faces great challenges in its growth since almost half of agricultural production is allocated to subsidising a population living below the poverty line and having only basic tools to work with. The growth rate of the sector declined to 2.5% in 1997 compared to 4.1% in 1996.

In 1997, real GDP was targeted at 6 to 8%, but only 3.3% was achieved. The mining sector recorded the strongest performance, contributing 17.1% to GDP, a rise of 1.7% reflecting the continued response to private investment spurred by favourable investment policies. Manufacturing also recorded growth of 5% in 1997 reflecting increased activity in domestic and foreign private investment. Overall, however, Tanzania showed a decline in investments from 19.6% in 1996 to 18.2% in 1997. In order for Tanzania to achieve the desired GDP growth rates of 6 to 8%, investment levels will need to rise to between 30 and 40% of GDP.

Politics

Tanzania is a multi-party State with a President and the National Assembly elected by adult suffrage every five years. The National Assembly has 269 members, 37 of whom are women participating by appointment. Zanzibar has a House of Representatives of 59 members, with appointed women.

Chama cha Mapinduzi (CCM) is the ruling party with the President as Chairman. Other political parties include the Civic United Front (CUF); the National Convention for Construction and Reform (NCCR-Mageuzi); Chama cha Demokrasia na Maendeleo (Chadema) and the United Democratic Party (UDP).

Since the first multi-party elections in 1995, political tolerance has been exacerbated with Zanzibar's situation escalating to a point of crisis needing external intervention. The weaknesses and divisions within the opposition parties have hindered possibilities for fundamental changes on the political scene after the next elections in year 2000.

International donors and Bretton Woods institutions continue to put pressure on the government to stamp out corruption, which is known to be endemic in all levels of society. The IMF has identified three areas needing urgent attention: tax administration and collection, business regulation, and privatisation.

Critical development issues

Poverty situation

Research has shown that about 59% of the Tanzanian population live below the poverty line. The 1997 World Bank Development Report ranked Tanzania's mainland among the three poorest countries in the world with GNP per capita at USD 120 in 1995. However, the 1997 UNDP Report indicated a per capita GDP based on purchasing power parity using the country's currency at USD 656 in 1994.

Poverty in Tanzania is widespread in rural areas where 60% of the population lives below the poverty line and 10% live in absolute poverty. They depend on agriculture – made vulnerable by climatic uncertainty, poor tools, remoteness to markets, infertile soils – as a main source of income, producing 42% of the food they consume. Families are large and the dependency ratio is 1:3 compared to 0.9 for non-poor. Literacy levels are lower in rural areas than in urban areas.

Gender

Social relations in Tanzania are largely governed by patriarchy, which favours males as bread winners and females as household caretakers. This situation strengthened an ideology of male superiority and female and youth inferiority, which continues to influence work patterns, division of labour, particularly in agriculture, and access to education and skills. Results of a survey conducted in 1997 showed: In the public sector, there were 14 women Executive Directors, 100 men; Court of Appeal Judges, 0 women, 5 men; District Commissioners, 18 women, 79 men. In agriculture, women's participation in food crop production was 75% compared to 25% for men.

Although women produce between 60 and 80% of food and cash crops, land can only be inherited through the male children. The current land policy gives equal access to land for men and women provided it is outside defined clan land, denying the right to land ownership to large segments of the female population in rural areas. Enrolment in technical education records 6% women, 94% men; university education 21.8% women, 78.2% men. Women and youth performance in economic activities follow the same pattern. Patriarchy determines gender relations across the social strata.

Patriarchal relations are also reflected in various bodies of Tanzanian Law, including the Constitution which guarantees equality to all people before the law but does not spell out age and gender. In many cases, statutory laws such as the Marriage Act and the Customary Law still provide rationale for patriarchal ideology and practise.

SDC – Swiss country programme for Tanzania: Case study on methodological experiences in country programme evaluations (CPEs)

Introduction

The SDC in Tanzania has just entered into its third country programme (CP) period, *i.e.* 1999–2003. It is interesting to note that there were important dynamics in relation to methodologies as well as approaches used in reviews, evaluations and ultimate formulation of subsequent country programmes. The following is a brief outline of methodological experiences on CPEs in the SDC Tanzania covering the CP 1993–98 and CP 1999–2003. The outline has also incorporated partners' responses to the SDC on metholology as well as on the initiative towards a partnership in development co-operation.

The first SDC country programme for Tanzania was outlined in 1986, covering a period of six years to 1992. This CP was reviewed during the formulation of the second CP 1993–1998.

Review of CP 1986–92 and formulation of CP 1993–98 (Swiss Country programme for Tanzania)

Approach: Internal self-evaluation based on the previous CP and formulation of the subsequent CP 1993-98.

Steps:

- *Internal programme review and country situation analysis:* Specific experiences from the previous country programme were collected by the SDC Tanzania team. To complement this input, issue papers on crucial aspects of co-operation in relation to the socio-political and economic aspects of the country were prepared. *(Preparation of issue papers was done by independent local consultants.)*

- *A one week internal workshop* for review and formulation of CP 1993–98. Discussions in this workshop were based on the SDC's previous experiences from its programme as well as on the inputs from issue papers prepared by consultants.

Level of participation:

- SDC Tanzania and SDC HQ.

- Swiss executing agencies (only from the NGO side) working in Tanzania and having participated in the review process.

There was no involvement of local partners in the whole process from review to formulation of CP.

The SDC's views on the process and outcome:

- *Time-efficient and low-cost exercise:* Specific tasks for preparation and formulation of the CP were few, so that only about six months were needed to complete the whole exercise from planning to accomplishing the CP document. ***A Swiss product:*** The review was intended to be an internal process, as was the subsequent CP document which was issued internally. ***Curtailed awareness of partners on the key aspects of Swiss–Tanzanian co-operation:*** This situation prevailed over the entire period of the country programme and was only partly revealed during the external evaluation of the CP in January 1998.

- *Continuation of donor-recipient relationship:* The philosophy of partnership in development had not come to light during the review process and formulation of the CP 1993-98. Though it was already in discussion during the second half of the CP, it still could not be filtered through in a coherent manner to local partners.

***Review of CP 1993-98 and formulation of CP 1999–2003* (Swiss–Tanzania country programme)**[1]

Approach: Participatory review of the CP 1993-98 and outline of the subsequent CP 1999–2003.

Steps (*Refer to the road ma, Figure 4.1*):

- *External evaluation:* An in-depth assessment of the SDC country programme for Tanzania 1993–98 was conducted by a team of two nationals and one international consultant towards the end of the CP period. The assessment was based on three main elements of development co-operation:

  - Empowerment and ownership.
  - Institutional sustainability and economic viability.
  - Gender sensitivity.

  Lessons learned from the above assessment and recommendations made thereof were valuable inputs in the process of elaboration of the CP 1999–2003. The immediate purpose of this evaluation was, therefore, to prepare the formulation of the next CP. In addition, the evaluation results provided lessons to be taken by the SDC and partners in the management of the new CP for Tanzania.

- *Internal reviews* of sector programmes were conducted and documented by the SDC team members.

- Four workshops were conducted between January and May 1998 based on the inputs from the external evaluation and the internal reviews:

  1st Workshop *(guiding principles and values in partnership co-operation)*
  Objectives: To sharpen the awareness and understanding between the SDC and its partners (mainly from the public sector and project staff) on the basic values to be shared in development co-operation partnership; to share with partners the SDC's framework for planning of the new CP; and to compile a set of guiding parameters (*i.e.* operational, financial and institutional) for the CP formulation.

  2nd Workshop *(review of the previous CP and setting scenarios for CP 1999-2003)*
  Objectives: To review and assess the main elements of the CP 1993-98; to develop scenarios for CP 1999–2003 and identify operational options linking goals and resources; and to plan for action on all other relevant issues pertaining to the CP, *e.g.* management of the programme and co-operation issues with partners.

  3rd Workshop *(Vision 2015)*

  Four eminent Tanzanians from political, public and private circles were invited to define their visions of Tanzania in the year 2015. The results were used as a basis to enable the SDC to orient its future programme of co-operation in a constructive and practical manner.

  4th Workshop *(Outlook)*

[1] Note that the title of this country programme reflects a change in the approach taken in its review and formulation process- as opposed to the previous one which was purely a Swiss product. The present title reflects an inbuilt partnership in this CP as well as enhanced local ownership of the programme.

Objectives: To define the frame, goals, objectives and strategies of the CP 1999–2003; to define a conceptual framework and plan resources allocation; and to define a set of indicators, risks and assumptions for monitoring of the new CP.

Level of participation:

- Local partners and project staff at district, regional and central levels were involved in the first three workshops.

- Beneficiaries or stakeholders at grass-roots level were not involved in the process. They were broadly represented, in the second workshop only, by a representative of civil society through one NGO umbrella organisation.

- Other like-minded donors were consulted during the external evaluation process.

- The participatory process was designed to give the present CP a solid base of ownership, common partnership and a good chance of long-term sustainability. The three participatory workshops also assured Tanzanian partners that the SDC wanted to reach a commonly defined goal for the next CP.

The SDC's views on the process and outcome

- *Enhanced local ownership and partnership spirit:* The chosen participatory approach was a remarkable departure from the previous entirely non-local participatory process. This initiative was highly commended by our local partners as they felt they could participate substantially in the CP 1999–2003.

- *Enhanced team spirit* among the SDC staff members.

- Enhanced synergies, cross-exchange of ideas and comprehension within sectoral programmes of SDC support in Tanzania.

- *A time-consuming and expensive exercise:* The exercise took too long, more than a year from start to finish. This was due in part to unrealistic timing of key events in the process from external evaluation to elaboration of the new CP. Length of time for future, similar exercises should be taken into account. *Sector-wide participation*: Programme beneficiaries such as road users and health service users were not adequately consulted. Likewise, consultation with other donors, to get their perception of Tanzania's development context, and information about their activities and medium-term programmes, would have been helpful. However, this could not be done, also due to inadequate timing of events.

- *Local partners empowerment:* Despite the intensive nature of the process, the participatory approach was worthwhile embarking on since it remains the most effective way of involving and empowering local partners in their own development programmes.

Partners' responses to the methodology of CP evaluation and formulation, and transition towards partnership co-operation

Participation

The move towards partnership co-operation entailed the participation of partners and collaborators as a necessary prerequisite to the attainment of a common goal. This means involving partners in the planning of the CPE including drawing up of terms of reference to ensure that consensus issues are evaluated. Unfortunately, this had not been done, partly because the planning of the CPE and the CP elaboration process had been initiated as two separate activities. The CPE entered the elaboration process as a feedback input during the second workshop.

Partner's responses to the process of CP review and elaboration

The second workshop was designed to enable partners (those who participated in the first workshop, as well as those who did not) to come together to share the results of the evaluation. This was a first initiative on the part of the SDC Tanzania and results were encouraging.

The SDC achieved an increased partner interest in the programme. Consolidated lessons, even beyond those indicated by the evaluation, enabled the integration of partner's views in the entire programme and joint discussion of major issues. Again, and for the first time, partners were learning from one another about the programme and its various activities, challenges, successes, constraints, linkages and synergies.

The SDC was able to learn first-hand about its partner capacities and limitations.

- **Partnership tabled:** The forum provided the environment for discussing the level of partnership responsibilities and duties. Each partner spoke in relation to his or her role and partnership co-operation agreement. For example, there were those who had not fulfilled their responsibilities (the Government), and others who had not performed to satisfaction, etc. Constraints were voiced, as well as expectations, and fears of being marginalised; while others lobbied for their interests and agendas.

- **Transparency in partnership co-operation:** The SDC explained in detail the Swiss agenda for a partnership development co-operation, including policies, concepts and conditionalities for funding. The SDC was able to give its own strategic directions that would be reflected in the next CP, together with the rationale for those strategies.

Partners' responses to the transition initiative towards partnership co-operation

The SDC is still in the process of moving towards partnership involvement. Partners have, therefore, tended to respond only to those issues which would underlie a mature partnership. This means that partnership would have to be built by the SDC and partners, which would in itself be a process.

Generally, it was agreed that the SDC's strategy was very much in line with the reforms that were being initiated in the country as reflected in the Sector-Wide Approaches (SWAp), decentralisation to district level as an entry point for development interventions, and the deconcentration process that had started with multi-partism.

In essence, true partnership was desirable, and even attractive to most partners/parties. However, the implications were daunting enough to stir a lot of fear. Some of the challenges facing partnership co-operation are:

- **Willingness to own:** When ownership means investment (*i.e.* in human and material resources, including effective policies and strategies). In the face of so much aid, how feasible is it for Tanzania to own the country's development programme in the short and medium term?

- **Sustainability** is crucial to development. Hence, the strategies for development will be agreed and implemented by partners in co-operation. However, the strategies which currently apply are, in most cases, those of donor partners, making it difficult for a host country to follow the management and implementation process of a country programme, let alone to sustain it at a later stage.

- **Empowerment** is necessary for ownership to take place. Traditionally, the donor empowers the host Government with the intention of spilling over effects to civil society. In many cases, this approach has not yielded fruitful results at beneficiary level due to the vacuum existing between most governments and respective civil societies and, therefore, the lines of responsibilities between the parties are neither clearly defined nor understood. In order to facilitate ownership by the people, it is imperative for the donor and host country to set modalities for effective empowerment down to the grass-roots level.

- **Gender responsibility** to development planning will be a crucial factor to success or failure. However, cultural constraints need to be dealt with, as do sensitisation and awareness creation. Certain social structures will need overhauling so as to open up access for women to resources such as land and other means of production, to credit facilities, social amenities, and to decision-making positions. Who then, in partnership dialogue, will be the donor's partner in this case?

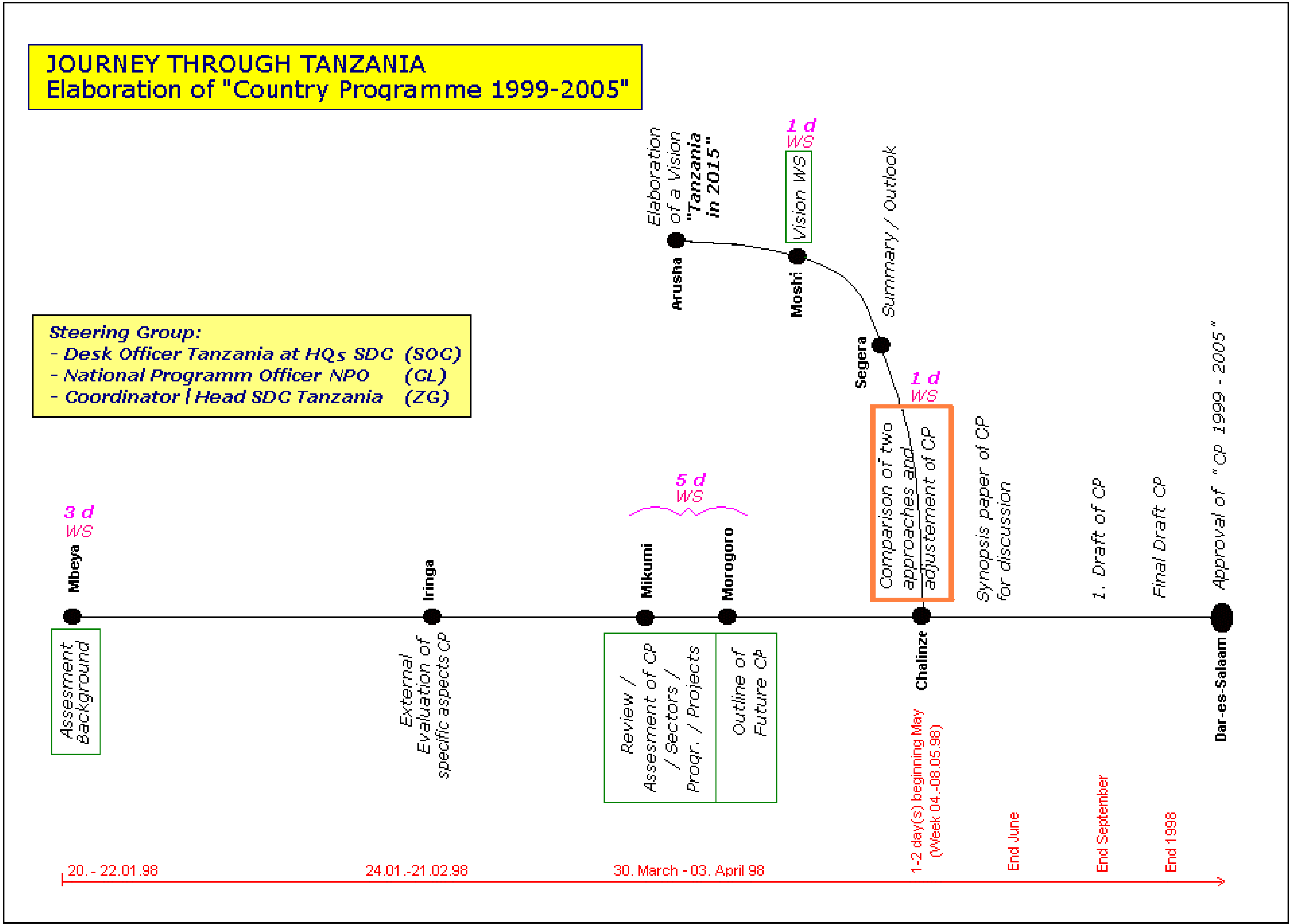
A synopsis paper for the CP 1999-2003 *(Note to the Directing Committee meeting of 29 June 1998)*

The evolution of the development context since 1994

Political developments

Tanzania entered the era of multi-partism in 1992. However, the long existence of the CCM as a single party, coupled with the opposition parties' lack of resources and experience, largely contributed to the victory of the ruling party during the first multi-party presidential and parliamentary elections in 1995.

The recent political and economic liberalisation brought about an increasing expression of the people's needs, expectations and discontent. In reaction to large-scale corruption and tax evasion, the donor community froze its financial aid and jointly put the Tanzanian Government under pressure to adopt the necessary corrective measures and reforms. An inflation rate of 30% and lack of faith in the formal economy were additional factors towards global social dissatisfaction. This was the difficult situation M. Mkapa was facing upon his election in late 1995.


JOURNEY THROUGH TANZANIA
Elaboration of "Country Programme 1999-2005"
Steering Group:
- Desk Officer Tanzania at HQs SDC (SOC)
- National Programm Officer NPO (CL)
- Coordinator / Head SDC Tanzania (ZG)
3 d WS
Mbeya
Assesment Background
Iringa
External Evaluation of specific aspects CP
5 d WS
Mikumi
Morogoro
Review / Assesment of CP / Sectors / Progr. / Projects
Outline of Future CP
Elaboration of a Vision "Tanzania in 2015"
Arusha
1 d WS
Vision WS
Moshi
Summary / Outlook
Segera
1 d WS
Comparison of two approaches and adjustement of CP
Chalinze
Synopsis paper of CP for discussion
1. Draft of CP
Final Draft CP
Approval of "CP 1999 - 2005"
Dar-es-Salaam
20. - 22.01.98
24.01.-21.02.98
30. March - 03. April 98
1-2 day(s) beginning May (Week 04.-08.05.98)
End June
End September
End 1998

Two-and-a-half years later, we can affirm that, in spite of pending issues like the still existent corruption and the political problem in Zanzibar, the Government has demonstrated a clear commitment to pushing forward the reform process and to restoring economic stability. Major positive achievements have taken place since then: the public denunciation and dismissal of corrupt high officials and the proposition of concrete measures to fight corruption in all sectors of the government (Warrioba Report), the establishment of the Tanzania Revenue Authority in order to increase the revenue base, various parastatal reforms, social sector reforms, the Civil Service Reform and the Local Government Reform.

The consolidation of these reforms and the pace of their implementation is largely dependent on the Mkapa Government’s political commitment, and the year 2000 presidential elections will further sanction those achievements.

It is worthwhile remembering that the Father of the Nation is still carrying on his discrete but decisive influence on Tanzanian internal affairs in addition to his mediation in the regional conflict resolution.

On the economic front, tight monetary policy and increased revenue collection contributed to the satisfactory economic performance we can assess today: an important reduction in the rate of inflation; the initial parastatal reforms (including the split of the National Bank of Commerce) contributing to the release of the World Bank’s first tranche of its CAS (Country Assistance Stategy); the enforcement of fiscal discipline through cash budgeting, and the upcoming introduction of the VAT which is expected to further curtail tax evasion.

Yet the Tanzanian economy is still under-performing. An additional reduction in the rate of inflation and further deregulation and liberalisation of the economy contributing to a more conducive environment for the private sector, as well as a strengthened fiscal management, could increase the relatively low GDP growth rate (4.2%). A larger revenue base coupled with an increased share of the budget targeted towards the social sectors could have a more decisive impact on poverty reduction. Policies and strategies to address these concerns are currently being implemented. Major constraints are, nevertheless, threatening this positive outlook. The recent emergency situation caused by El Niño has put the Tanzanian transport, communication and energy sectors under serious physical and financial pressure, resulting in a shift of budgetary priorities. In relation to the budget, 30% of Tanzania’s total revenue is swallowed by its enormous external debt, and another 30% is allocated to the wage bill.

Poverty reduction and social sectors

In spite of positive macro-economic progress, results regarding the impact on poverty reduction are disappointing. In its “National Strategy for Poverty Eradication” (1997), the government recognised the following major causes for the absence of impact on previous poverty eradication efforts: the weak involvement of people, in particular women, at different stages of planning; the lack of capital for the majority of rural people; lack of skills; and the absence of co-ordination of efforts by the stakeholders involved.

Tanzania’s health care system is still characterised by stagnant or low health indicators, a high mortality rate, partly due to inefficient health care expenditure allocations and low education attainments, particularly for mothers. In the education sector, enrolment in primary and secondary schools is still low in particular for girls, and the quality of education remains poor.

The decentralisation process (Local Government Reform) should give impetus to improving the social services by shifting management's responsibilities closer to the population, and by enhancing local authorities' responsibilities towards local people.

These measures, together with an increased share of the budget towards the social sectors should have a greater impact on poverty alleviation.

Although the privatisation, liberalisation and democratisation wind, which has been blowing over Tanzania since 1992, has not yet reached expected results, the civil society, opposition parties, private sector entrepreneurship, and a diversified mass media (with the resulting increased public awareness) are emerging and gaining importance. Most importantly, these major changes have been taking place in a peaceful and socio-politically stable climate, which is conducive to further improvements.

Partnership. As a result of its past crisis (1994-95), the Government of Tanzania together with aid donors are developing a new partnership strategy, replacing the traditional donor-recipient roles and aiming at a broader relationship based on mutual long-term interest and interdependence. The aim is to enhance Tanzanian human capacity, its ownership of development activities, its prioritisation, based on demand and not driven by external partners, and its inclusion in the development process, as well as the conduct of a transparent dialogue.

Review of the country programme 1993-98

The external assessment of the CP that took place in February 1998 has produced major findings, conclusions and recommendations, which are summarised below.

Areas of strengths. Regarding the SDC's poverty alleviation goal, importance was given to the improvement of service delivery at regional and district levels, including the related capacity-building, in order to redress the previous deteriorating provision of public services. The Swiss contribution had a positive impact on the development of reforms in the health and infrastructure sectors and on the co-ordination of stakeholders in order to develop a strategic and institutional framework for a better management of the road network. The SDC's facilitation of the creation of health boards at village and district levels contributed to the communities' empowerment and participation in the management of health facilities.

Areas of weaknesses. In regard to the programme's management, the disconnection between the programme and the project level denied the programme of basic feedback from field experiences and resulted in a lack of sharing information, lessons learned and innovations between partners at all levels. Weak strategic orientations in the CP resulted in a project approach rather than a programme approach, and partly explains the failure to define a clear concept for the income generation programme. Basic co-operation principles (participatory and decentralised development, capacity-building, sustainability, etc.) were insufficiently elaborated and operationalised as was, in particular, the gender issue for which the non-formulation of a clear intervention strategy provoked numerous misunderstandings.

Major conclusions to be drawn from the evaluation are twofold:

a) Concerning the programme's management: the need of a bottom-up management and planning approach; the need to take greater advantage of field experiences and mutual learning to strengthen cross-sectoral synergies and the effectiveness of policy dialogue; the formulation of measurable objectives in the CP and the Action Plans (APs).

b) Concerning the programme's activities: the need for placing communities at the centre of project conception and design; the development of strategies and locally adapted guidelines for the integration of gender-balanced development into the programmes and the projects.

New country programme (1999-2003)

Taking into account the conclusions of the past CP review, and as a result of the four workshops held during the first half of 1998, with the active participation and contribution of SDC's Tanzanian and Swiss partners, the Eastern and Southern Africa Division proposes the following programme for the next five years 1999-2003:

Switzerland wants to support Tanzania in its efforts to sustainably improve its economic, social, political and institutional framework in order to combat the root causes of poverty, enhance economic growth with equitable redistribution, promote good governance, gender-balanced development and democratic decision-making.

In order to contribute to this overall goal, Tanzania proposes to continue the SDC's three current sector programmes (Health, Infrastructure, Economic Support), with the assistance of two support programmes (Gender-Balanced Development, Decentralisation and Democratisation). Throughout its activities, the SDC will promote ownership, self-reliance and social equity for sustainable development.

Sector programmes

The health sector programme aims to establish a conducive environment for local authorities to assume ownership of the development process and be more responsive to the needs of the people. In particular, this implies institution and capacity-building in the management of comprehensive district-based health systems, the implementation of essential packages of promotive, preventive, curative and rehabilitation health services as well as the development of sustainable health financing mechanisms. These objectives will be achieved through Tanzania's active participation in the emerging joint donor support to its Health Sector Reform and in the promotion of a gender-sensitive and community-based health programme, ensuring that good-quality health services are provided in an efficient and equitable manner.

The infrastructure and transport sector programme aims to strengthen regional and district level authorities' capacities to efficiently manage their road networks, and to improving the private sector's road maintenance capacity and rehabilitation works. It also aims to empower communities to undertake rural transport activities. These objectives are intended to contribute to the sector's overall goal of boosting economic growth as well as agricultural production and marketing.

At central level, Swiss involvement in policy dialogue is targeted on the implementation of major institutional reforms (the establishment of a legalised Road Fund and the Road Agency) and the co-ordination between the Ministry of Public Works and the Prime Minister's Office in charge of decentralisation.

The economic sector programme has been designed and financed mainly by FOFEA (Federal Office of Foreign Economic Affairs) but synergies with the SDC's programme have been aimed at, and mainly concern, the fiscal policy and management system. The SDC/FOFEA's activities in this domain focus on transparent and equitable redistribution mechanisms as well as on adequate resource allocation to the social sectors. The FOFEA's main objective is to contribute to the establishment of conducive enabling conditions to allow the private sector's steady development.

New cross-cutting support programmes

Decentralisation and Democratisation (D+D) objectives: Enhance community participation in decision-making; promote the emergence of civil society; strengthen local government authorities' capacities to respond to people's needs; the co-ordination and harmonisation of sector reforms with the Local

Government Reform, as well as more transparency and accountability in the allocation and management of district resources. These objectives are designed to boost the SDC sector programmes and was to be implemented mainly within them.

The Gender-Balanced Development programme is also integrated into the sector and D+D programmes in addition to national level gender-related activities. By the end of 1998, a clear strategy adapted to the Tanzanian context will be developed and be made an integral part of the CP.

Other projects are those that cannot be integrated into the sector programmes, that will continue throughout the duration of the next CP (the Southern Highlands Dairy Development Project or SHDDP, the Tanzania-Swiss Trust Fund), or will be phased out in 1999 (National Income Generation Project). They are an integral part of the financial programming, and specific support programme resources will be allocated to SHDDP.

Poverty alleviation

Both new strategic orientations (D+D and Gender) aim at spearheading one of our major CP objectives-people-centred development-in order to better target poverty alleviation.

In accordance with the Tanzanian Strategy for Poverty Eradication, this new CP is particularly targeted on the improvement of Tanzania's living conditions and self-reliance. Improvements, such as: the move from the project approach to the programme/sector-wide approach, the particular attention given to district comprehensive interventions in the health and the infrastructure programmes bringing the development activities and the related decision-making process closer to the people, as well as the adoption of measures aimed at the promotion of a conducive environment for economic growth and private sector investment.

Operationalisation and management of the CP

The SDC's main strategies to achieve these objectives are a sector-wide approach in the health sector, donor co-ordination and joint donors' support, policy dialogue in the spirit of Tanzanian-Swiss partnership, comprehensive district approaches, interaction and simultaneous interventions at community, district/regional and central levels.

The management team of the programme is aware of the necessity of mutual learning, of actively promoting cross-sectoral exchange of experiences, and will seek more field experiences to be used at different levels of programming, co-ordination, networking and policy dialogue.

Principal partners: The line ministries MOH (Health), MOW (Public Work), MOF (Finance) and their counterparts at decentralised levels (regional and district authorities); the Prime Minister's Office; regional and district authorities; village-level representatives, NGOs, CBOs, and the private sector.

Geographical concentration: The Dar-es-Salaam, Morogoro, Iringa, and Mbeya Regions are maintained for bilateral support.

Swiss supporting agencies: In the health sector, we are working with the Swiss Tropical Institute and SolidarMed, in the infrastructure sector with ITECO, and with Inter-co-operation in the dairy project.

Resources

Total financial resources amount to SFr 20 million per year for the next five years (1999-2003).

The personnel management at the co-ordination office will slightly change: in addition to three Swiss colleagues (the co-ordinator, the deputy co-ordinator and the financial advisor) and the four national programme officers, a local economist will be appointed in agreement with FOFEA, who will head the economic programme. This decision incorporates our common objective to jointly design activities with synergies and impact on the SDC's programme.

Risks

In spite of the internal stability of Tanzania, which can be considered as positive in the regional context, the following possible destabilising factors need to be taken into consideration: Bureaucratic inefficiencies, corruption and the lack of transparency can have adverse consequences on our co-operation with the Tanzanian authorities. The decentralisation process might be slowed down or blocked by lack of capacity and/or political resistance to the effective devolution of power, and might hinder the smooth implementation of the programme. The government's failure to settle the political problem of Zanzibar might lead to major social upheavals on the islands and lead to a political crisis. Moreover, the large number of refugees (250 000) located at the borders with Rwanda and Burundi caused some unrest due to the pressure on local resources and interferences with Burundi.

Finally, the big question remains: How long can Tanzania remain peaceful in a regional conflictual environment?

Response to key workshop theme no. 6[22]

How can the effective involvement of partner country officials and beneficiaries be ensured given prevailing donor needs and requirements for accountability and professional evaluation standards?

An overview

The management of development process in a country is a partnership endeavour which should concern every party with a stake in it. In an ideal situation, the host government takes a lead in the process, its citizens/civil society are fully briefed on the underlying policies and strategies for country development enabling them to participate in the development process, and donor countries co-operate in support, based on local priorities. Hence, the programme design and intervention strategies should be based on expressed country/target groups' needs and capacities. Feedback mechanisms, both top-down and bottom-up, should be included as well as indicators to address the impact of interventions. Subsequently, the country programme evaluation (CPE) purpose, criteria and standards should be integral to the programme design.

Traditionally, and still tending to prevail today, country development issues were mainly a concern of the host government and donors, while the local population tended to be excluded from the setting of development priorities. Donors sometimes even took a lead in projects/programme design, planning, and also management of the process of implementation, so as to make sure that the standards and performance as perceived by them were attained. As a result of these misconceptions, the local know-how in the design and formulation of new programmes has been curtailed, hence perpetuating the donor-driven and unsustainable programme initiatives. The generally poor results and impact of such programmes to potential target groups are indicative of the approaches employed from their conception to the end result.

22. The elements of response to question No 6 above were prepared by the two mentioned authors, and do not necessarily fully represent the SDC's opinion on these matters.

Outlook

To reverse this situation, it is imperative to **learn first from past experiences and lessons** so that a sound base can be established to anchor the new philosophies for change**.** To this effect, evaluation results of past programmes and planned evaluation events for ongoing ones are essential instruments to bring about the required changes in development co-operation which call for the host countries and citizens to own the entire development process and also be accountable for the results. These changes, however, can only be established if there is adequate participation of local partners at all stages of the programme, *i.e.* from design to evaluation.

Why local partners' involvement in CPEs?

A **participatory** country programme evaluation process would enhance the following aspects, which are of crucial importance in a partnership development process:

- Understanding of **relationships between donor countries and host governments in terms of development policies and agendas** of each party. Donors' needs and requirements for accountability and professional standards need to be discussed with actors, and consensus achieved.

- Understanding of the **relationship between the host government and its civil society in terms of governance,** which includes issues pertaining to accountability of a specific government to its citizens as expressed by its political system, decision-making processes (*i.e.* whose opinion counts most?), accountability lines, application of the rule of law, etc.

- Understanding of **values and expectations** of stakeholders in development partnership, *i.e.* host governments, civil society and donors. In essence, the limitations prevailing within partner country set-ups, and options available for further development, would be discussed as a basis for setting realistic expectations among partners. The discussion would result into self-searching questions, such as: *Can we (donors) meet such expectations based on prevailing policies in our countries? What are the bottom lines beyond which we cannot compromise? Has previous development support created a meaningful positive impact on the well-being of local people? Would there be a sound justification for us to continue in this form of partnership? How many resources can we commit to the coming programme given the known limitations which may impact on results?, etc.* Such questions are vital as they determine the level of partnership into which parties should commit themselves.

- An understanding of the key reasons behind past achievements or failures and **creation of a common vision for the future**, *i.e.* capitalising on the past to improve the future.

- Enhanced **openness, transparency** and **trust** among partners.

- Design of future programmes which match local priorities.

- Local acceptance of programmes (**ownership**) for sustainable development.

- Shared purpose, criteria and standards for CPEs.

- Establishment of **sound relationships** (formal and informal) **among partners**, *i.e.* creating ability to break through cultural barriers and attitudes.

Without adequate local participation which takes into account the above issues, there can be no meaningful contribution and continuous commitment from local partners in the events succeeding the evaluation process.

A need for change

It is a challenge to attempt a change in traditional approaches of most development programmes. It takes time, patience, energy and cost to embark in a process of change, and particularly when it involves various parties in a multi-cultural environment, a situation which is typical for a partnership development process. In reality, and given adequate resources, it is easier to work out strategies and plans in isolation, sharing results only when these are finalised. In this case, results can only be short-term; however, in the long term, costs and losses involved (both materially and emotionally) are huge. It has, therefore, been seen as necessary to **change old patterns and beliefs in order to match development philosophies and principles with local contexts and, thus, ensure sustainability for the local population.**

Steps to secure involvement of local partners in CPEs

The following steps, though not exhaustive, are simple suggestions to the process of enabling development partners-mainly donor countries – to create a conducive environment for effective local partner involvement in CPEs while at the same time maintaining an adequate level of accountability and professional evaluation standards.

The process: Evaluation, be it of a country programme or any other, should be seen as a **continuous** process which entails a critical assessment, recognising and learning from positive and negative cases which are vital for the future. Hence, together with all partners concerned, adequate time needs to be given to the planning of all evaluation events to be anticipated under a specific country programme. The outputs of such events will culminate in valuable insights to the inputs required for an effective CPE.

Policies, strategies and agendas: The policies and strategies of respective countries in partnership co-operation should be made clear during discussion of key issues related to programme planning and evaluations. Likewise, the development agendas of participating partners should be discussed openly and in a transparent manner. This should also be seen as a continuous process owing to the fact that there are a lot of dynamics and changes in development co-operation.

Responsibilities: When all aspects of project design have been participatory and monitoring, when feedback and evaluation modalities are known by the actors (*i.e.* local programme partners), then accountability for project management and, consequently, the development process is handled by local partners. In order to be timely, therefore, the tasks for evaluation and self-assessment at lower levels (*e.g.* target groups or communities) should be handled by local partners and programme support organisations. A donor would only be involved in keeping track of results for inclusion in the final CPE. The tasks for evaluations (*i.e.* other than CPEs) on higher levels of involvement (*e.g.* with government partners) should be shared between the programme/project local partners and donors. To enhance capacity-building, accountability and ownership in this respect, a local partner should always take a lead in the process. Tasks for CPEs should be shared equally between the donor and host government, and with adequate participation of target group representatives.

Accountability: Accountability in any form presumes vested interests (including political and material) and investment (*i.e.* resources – human and material) by both the donor and local partner. This determines the basis for ownership of both the programme and results. Furthermore, accountability presumes a level of empowerment which will allow for a genuine dialogue (transparent and free from politics) among partners.

For this to happen, **information flow must be open so as to enable informed decisions and choices.** This applies to all levels of partnership concerned. The CPE then evaluates the results of this kind of partnership, which are subsequently used for mutual benefit in development co-operation.

Planning: During the planning and undertaking of CPEs, partners should allow enough time for donor and partner alike to reflect critically on their concepts and values in order to be able to fit them into the realities of development co-operation partnership. Hence, adequate time needs to be allocated for CPE events.

Information-sharing: Host governments and donors should initiate country-specific forums for exchange of information and experiences in relation to the CPEs and for searching for new and better ways of learning and of relating to local people. The outputs of such forums could have significant value worldwide in shaping the principles of development co-operation.

Partnership: Partnership becomes real only when there is a shared sense of purpose and commitment, without which it is merely ideological. Partnership is not static and may not need to be sustained indefinitely. However, it has to be mutually built and cultivated to grow to a level suitable to impact positively on its stakeholders. Partners in development co-operation should be able to determine the level of partnership attained during a certain period under evaluation by using simple (and perhaps contextual) criteria and indicators to be designed at the initial stage of a programme. This will help to broaden the traditional approaches of evaluations based on programme goals/objectives, leaving aside other essential contributing factors to development such as level of participation, commitment, transparency, etc.

CHAPTER 5

COUNTRY ASSISTANCE EVALUATION IN THE MULTILATERAL DEVELOPMENT BANKS: APPROACHES, INSTRUMENTS AND EMERGING PRACTICES

By the Multilateral Development Banks – Evaluation Co-operation Group

Introduction and questions on country assistance evaluation

Most multilateral development banks (MDBs) have been making, and are continuing to make, considerable efforts to develop country strategies and programmes. This has not been the case for country assistance evaluation. The World Bank has taken the lead in this area, having completed 20 studies. The Inter-American Development Bank (IDB) has completed two pilot studies and the Asian Development Bank (AsDB) has recently completed its first study. The European Bank for Reconstruction and Development (EBRD), International Finance Co-operation (IFC) and African Development Bank (AfDB) have not yet begun the preparation of studies, but intend to do so in the foreseeable future.

One of the first questions to address is whether institutions *should undertake potentially costly country strategy/programme/assistance evaluations*. At the 1994 DAC seminar on country programme evaluation (CPE), participants debated the purpose and usefulness of such exercises. For some agencies the purpose of the evaluation was to contribute to the examination and reorientation of co-operation policies independent of the outcome of projects. Others saw the evaluation as supplying answers to questions of results, cost-effectiveness and efficiency of ongoing projects on a cumulative basis. Others still questioned the usefulness of the exercise arguing that country evaluation fell short of sufficient detail on aid effectiveness to deliver a meaningful product. In a survey conducted at the seminar, the majority of participants considered that the CPE provided valuable lessons to improve future aid performance but some questioned whether it was worth the cost.

Participants agreed that the starting point to country evaluations should be a formalised country strategy or programme. In the past, country strategies have often been intentionally formulated with very broad objectives and limited directional guidance to institutional operations. They often failed to provide a basis to monitor the implementation performance of the operational programme.

Subsequent to the preparation of its evaluation reports, the World Bank concluded that its country assistance evaluations provide an important tool not only to evaluate the country strategy but to examine more closely the impact and developmental effectiveness of the Bank's country-wide activities, including non-lending services (economic sector work, policy dialogue and aid co-ordination). The evaluations offer lessons and recommendations for the Bank's regional staff and are often timed to feed into the design of subsequent country strategies. Evaluation results are concordant and show that weak institutional development is a key problem in improving developmental effectiveness.

Although the benefits of country assistance evaluation may be substantial, costs of undertaking these kinds of studies can also be significant. At the 1994 DAC seminar, a survey of the cost of CPEs ranged from USD 50 000 to as high as USD 600 000. The World Bank and IDB experience shows that costs can range from USD 10 000 to USD 300 000 depending on the scope of work.

Box 5.1: Benefits of country evaluations

1. Country evaluations can identify and assess broad and long-term issues and concerns better than other forms of evaluation. Institutional policies and practices, cross-cutting issues and political dimensions can be aligned with assistance objectives and project implementation, and shared with others.

2. They provide valuable information about the country strategy process, whether project selection was based on merit, impact of non-project forms of assistance, aggregating results of activities across all sectors and providing input into, and strengthening, subsequent country strategies.

3. Country evaluations are better able to identify overall programme and project delivery weaknesses, institutional difficulties, capacity utilisation constraints, borrower's acceptance, commitment and compliance to conditions and impact of other donors and external factors.

4. They provide a framework for rating both the country's and an institution's overall performance in meeting development goals and objectives, and better assess impact and sustainability issues for long-term aid effectiveness.

5. They provide a valuable instrument for improving donor co-ordination among institutions and bilateral agencies and for the broader participation goal of increasing the role of national and local governments, civil society and the private sector in the developmental process.

There are a number of other issues that need to be considered in country assistance evaluation. Foremost, it must be decided *what is to be evaluated*. Using the Logical Framework Analysis approach, MDB's activities in a country typically entail defining a country strategy or programme, usually consisting of a strategic goal or perhaps several goals and a series of clearly defined objectives that contribute to the goal(s). These goals and objectives can then be translated into a list of operations and other activities. In addition to customary investment loans and technical co-operation (TC), other activities include balance of payments support, support for economic stability, structural adjustment and sector adjustment loans, provision of advice and policy dialogue either directly through its operations or through economic sector work (ESW) -- debt management support and services, loans and equity financing to the private sector, aid co-ordination and mobilisation of support through cofinancing with other donors, export credit agencies and the private sector. Such a lengthy list makes it difficult to evaluate an institution's entire activities. There is a need for selective focus on activities. Traditionally, investment projects have been the easiest to evaluate, even when focusing on impact. An institution's sectoral impact, although more difficult to evaluate, can still utilise benchmarks and indicators to assess overall results (*i.e.* share of households with electricity). At the macro-economic level, results are much more difficult to measure and attribute.

In addition, it often happens that activities are not recounted in country programme results and other official documents for which an institution should receive credit. These activities include policy advice sought and received by the country, which it eventually pursues or adopts, often leading to reform and growth, yet not attributed to the MDB. Other examples include projects or programme proposals from the MDB that the country decides to fund on its own initiative or resources obtained through aid co-ordination or mobilisation that help the country to develop. Very few, if any, of these forms of assistance have been evaluated so far.

On the other hand, an institution may have spent considerable time, effort and resources in project planning and preparation, only to find that the country cancels the project before implementation or midway through the implementation process. In this case, the efforts made by the MDB are listed as inputs, but bear no results or impact on the country.

From the outset of the country assistance evaluation, the subject and the scope of the exercise should be made clear. A country strategy evaluation (CSE) – the evaluator's unit of account – can be limited to evaluating simply the relevance of the institution's strategy to a country. A CPE can focus on the aggregate outcome and effectiveness of the loans and TC activities only, and choose to ignore all the other activities. A country assistance evaluation (CAE) can attempt to evaluate all aspects of an institution's assistance to a country, but it may miss important elements that fail to be reported.

Another issue is that of **attribution**. When assessing impact, it is very difficult to disaggregate impacts and separate the MDB's role or contribution from that of other internal or external players, including the country itself. The fact that there are other donors as well as the government and private sector involved in a country at the same time makes it difficult to know what caused changes. The World Bank has approached this issue by comparing development outcome to the Bank's objective, then assessing attribution. It has been suggested that by jointly assessing the impact of external contributors such as the IMF, World Bank, regional development banks, bilateral donors and private investors, this allows for a more accurate appraisal, but even this approach becomes technically difficult and still leaves considerable doubt about the attribution of results. Attribution is an issue that will continue to be the subject of debate. Assessing attribution of success or failure in an unscientific manner will continue to tempt the evaluation community, and should be pursued with circumspection.

Another issue to consider in country assistance evaluation is the **counterfactual question**. This refers to what would have happened in the absence of the project, programme or development assistance. This raises the typical evaluation problem of measuring "with and without" versus the more traditional and tangible evaluation measurement of "before and after." Simply comparing the situation "before and after" the assistance is provided leaves considerable doubt as to attribution and validity of results. The more exact way to interpret cause, effect and impact is to define a counterfactual reference. It is, however, much more difficult to define the "with or without" situations because of the lack of baseline data and other information. Evaluators have used different methods, often based on a logical framework, to link inputs to outputs, outcomes and ultimately to impacts to create the counterfactual reference(s). World Bank evaluations have found that the judgement of development outcome has varied from study to study depending upon the implicit and personal view of the evaluator as to what the outcome would have been in the absence of Bank assistance. Box 5.2 below provides different ways in which the counterfactual may be measured, bearing in mind that this typically poses daunting analytical obstacles.

Box 5.2: Measuring the Counterfactual

Attempts to measure the counterfactual in the context of country assistance are still in their infancy stage. No reliable methodology has yet been developed to measure how a country would have evolved in the absence of development assistance from one or more donors. The World Bank and others have used a number of different methods in different studies to provide a counterfactual reference for a particular result.

1. **Long-term growth models**: Different economic long-term growth models based on cross-sectional data have been used to forecast an economy's growth based on a limited number of economic resource, demographic and technical assumptions. Examples include the Levine and Renelt equation and the Barro equation which can be used to generate growth projections. These models are based on long-term assumptions and do not take into consideration factors such as external commodity prices, exogenous shocks, etc. which can have short-term effects on an economy and change the pattern of growth.

2. **Large-scale econometric models**: In economics, "with or without" issues are typically dealt with through the use of a multi-equation econometric model, where simulations can be run using the two "with and without" cases. For some developing countries, where an econometric model has already been developed, different simulations could be run to determine how the economy would have performed in the absence of the institution's development assistance. While the results are estimates based on a large number of assumptions built into the model, they are typically more informative than "the second best guess" of what would have happened.

3. **Country comparisons**: Country comparisons involve taking two or more countries that are starting from the same point of development and comparing growth and development outcomes and results. In some cases a country may have received little or perhaps no assistance from an institution or external donors. This country may then be compared to the country in question to provide a counterfactual reference. A reference case could be Vietnam which received little external aid through the late 1980s and 1990s but still experienced very high growth rates and a wide distribution of benefits amongst its population.

4. **Induced implicit assumptions**: Another method of generating the counterfactual reference is through implicit assumptions by the evaluator on why certain operations were not successful. When it is clear that an operation did not achieve the expected results, closer examination of the circumstance would lead to an approximation of the probable state of the sector, region or country in the absence of that operation.

5. **Ex-ante counterfactuals** in the preparation of country strategies and operations: Ideally in the preparation of country strategies and operations, staff would provide a scenario of how the country benefits from the proposed project or programme or conversely where the country would be in the absence of the proposed operation. These scenarios could be used to generate the counterfactual reference of where the country would be in the absence of institutional support.

Another element of country assistance evaluation is its ability to **measure performance and results**. The measurement of **development results** -- the impact on economic, social and political development of recipient countries -- is a challenging task. In some cases, such as projects of a physical nature, results are easily quantified. In other cases, such as human capacity-building results are more qualitative and long-term in nature. Nevertheless, it is essential to have a sound information base to allow institutions to assess **aid effectiveness**: to what degree do its programmes achieve the desired development results, and how efficiently are its programmes delivered. Country assistance evaluations need to be designed with these objectives in mind.

A recent World Bank publication *Assessing Aid: What Works, What Doesn't, and Why* (1998), sheds new light on improving aid effectiveness. The study examines the relationship between sound policies and institutions, and economic growth and poverty reduction. It finds that for those countries with better policies and institutions, every dollar of foreign aid attracts two dollars of investment. Country assistance evaluations play a key role in assessing the quality of policies and institutions. In the World Bank's *1998 Annual Review of Development Effectiveness*, the Bank examined evaluations undertaken since 1995 and rated its own country assistance strategies in terms of quality at the outset, as well as the implementation, outcome, sustainability and institutional development. In a number of cases, country strategies were rated separately for different time periods. 60% of country strategy cases were considered successful.

Finally, **participation and partnership needs to be considered** in the context of country assistance evaluation. There is a need for country ownership not only in the preparation of country strategies but also in the evaluation of development assistance. The recipient and donor countries need to assess the development results together. The World Bank is now taking the lead in introducing a ***Comprehensive Development Framework*** that involves a more inclusive picture of the development process, in which macro-economic and financial issues are considered at the same time as structural, social and human aspects of development. This holistic framework of partnership would involve not only the country and multilateral and bilateral donors in the development process but also civil society and the private sector. However, the process would be led by the country, which determines the goals and objectives, phasing, timing and sequencing of programmes in its country strategy. Ownership of the process is strongly recommended but, if absent, adequate in-country capacity assistance could be provided. The framework broadly defines 14 areas ranging from structural, human, physical infrastructure and specific strategic goals where the country can work more closely with international institutions, bilateral donors, private sector and NGOs to achieve development results. One of the first applications of the framework will be for Bolivia.

The country assistance evaluation lends itself well to this newly proposed framework. Evaluation on a broader scale than the traditional project, sector or thematic levels will be required not only to assess results at a country level but also to look more closely at the role of the different institutions in the process. The comprehensive framework also enhances the need and opportunity for **joint or parallel country assistance evaluations**. When and where possible, international institutions need to increase co-operation through combining efforts in evaluation. This is already starting to occur with the World Bank Operations Evaluation Office (OED) communicating with other MDBs on areas of joint or parallel evaluations. Some joint undertakings with other MDBs and bilateral agencies have already occurred.

As in the case of country strategy and programming, the process of country assistance evaluation needs to be carried even further through the **involvement of country authorities, both at national and local levels, as well as through the private sector and civil society** in the design, preparation and follow-up of studies. Little has been done so far in the MDBs to bring local officials and authorities into the evaluation process. There are no standards or lessons; it is an area that needs to be further explored.

The above issues constitute areas where considerably more work and effort needs to be carried out. Nevertheless, the process is still emerging in its development and a great deal can still be learned. Institutions should continue to expand their evaluation efforts beyond the project, sector and thematic levels.

Issues and emerging practices in country assistance evaluation

Design of country strategies

1. The design of the country assistance strategy (CAS) is an area that could be improved to facilitate the CAE process. A World Bank study, *Country Assistance Strategies: Retrospective and Outlook (1998)*,

examines CASs prepared over a two-year period and reaches a number of conclusions regarding how they can be improved, including country ownership and participation, disclosure, strategic selectivity and focus, treatment of cross-cutting and other issues and better co-ordination between CASs and evaluations. The report also discusses how the design of a strategy can improve monitoring and self-evaluation of Bank activities. With maximum development impact as the measure of success, the challenge is to break down this goal into several indicators which are simpler, specific, tangible and as measurable as possible and that best capture progress in meeting the objectives expressed in the country strategy. A separate study is underway in the World Bank to develop a framework for the specification of appropriate indicators for monitoring programme implementation. It identifies four features (presented in Box 5.3) to be used in defining targets, benchmarks and indicators in a strategy.

Box 5.3: Design of country strategies to enhance evaluation

Distinction between the aims of the institution and the country: related but separate targets and indicators need to be developed in the strategy (*i.e.* the institution aims to increase the proportion of the population with access to clean drinking water, whilst the country aims to decrease infant disease and mortality from water-borne infection).

Specificity of indicators: the need for specific, distinct and precise outcomes that are quantifiably measurable and avoid uncertainty and debate.

Regular availability and comparability of indicators: indicators need to be available at least annually and comparable over time.

Participatory indicators: agreement should be reached with clients on the choice, measurement and appropriateness of indicators to ensure ownership of the process by the clients.

Institutions need to give more thought to the design of country strategies and programmes in order to facilitate the country evaluation process. Better-designed indicators and benchmarks can enhance strategy, programme monitoring and self-evaluation. They provide a strong basis on which to monitor the performance of the objectives during the implementation phase.

"Evaluability" of strategies

An important consideration in the design of strategies is its "evaluability". Based on the Logical Framework Approach, a strategy can be considered to be "evaluable" if it has been formulated to include:

- A goal or goals to which the strategy contributes.
- A set of clearly defined objectives.
- Performance benchmarks and indicators that will enable the assessment of whether these goals and strategic objectives are being met.
- A list of activities or business plan which can be monitored using the performance indicators.

The IDB has prepared a list of twenty-five questions to be used in determining whether a strategy can be evaluated. The "evaluability" profile focuses on the strategic goal and operational objectives of the strategy; developmental challenges facing the country, consultative processes, risks of the strategy, linkages and lessons learned. Determining whether or not a strategy meets these "evaluability" criteria is a relatively easy, low-cost and straightforward process to determine quality and focus at the outset of the strategies (see Box 5.4).

Box 5.4: "Evaluability" of strategies

In examining a number of IDB country strategies, the Evaluation Office study attempted to determine whether:

1. The strategy contained the necessary measurable indicators of implementation and performance results.

2. The development challenges identified in each strategy were supported by current economic and social indicators.

3. The bank's project responded to the development challenges identified in the strategy; and whetherThe bank duly consulted with authorities of the borrowing countries.

An "evaluability" profile was prepared addressing seven areas of issues:

1. The strategic goal and operational objectives of the strategy.

2. The focus of the strategy.

3. Developmental challenges identified for the country.

4. The consultative process.

5. Risks associated with the strategy.

6. Linkages with other activities in the institution and with other donors; and

7. Lessons learned.

At the outset of a CAE, institutions should attempt to determine the evaluability of strategies for a country before deciding whether the logical framework approach may be used.

Monitoring and forward-looking self-evaluation

The World Bank study, *Country Assistance Strategies: Retrospective and Outlook*, advances that **increased monitoring of progress** and **forward-looking self-evaluation** are also an important element of strategy preparation. This can not only strengthen the strategy and programme process, but it can also help to make adjustments in the Bank's lending and non-lending programmes as circumstances in the country change. Work is underway to develop a framework whereby monitoring and forward-looking self-evaluation can complement the more traditional retrospective *ex-post* evaluation. The key ingredient is the development of operationally meaningful, easily monitorable indicators and progress benchmarks that can be assessed on a regular basis. The first stage in this framework is *ex-post* evaluation in the preparation of the new strategy. This involves examining the institution's track record in implementing previous strategies, drawing from past lessons learned, and building specific targets, benchmarks and indicators for measuring both the country's and the Bank's progress in meeting the goals and objectives. The second stage involves ongoing monitoring and assessment by both the client and the institution of the extent to which country performance is in line with agreed targets and benchmarks. This could be part of the portfolio monitoring process. The third stage involves traditional retrospective evaluation of the strategy after its completion via the institution's normal evaluation process.

Institutions need to enhance the monitoring of strategy progress and forward-looking self-evaluation in the course of carrying out its country programme so as to complement its retrospective evaluation, to strengthen the strategy and programme process and to facilitate adjustments in their lending and non-lending programmes.

Client focus and strategic selectivity

The forementioned World Bank study recommends that country evaluations increase their **client focus and strategic selectivity**. Strategic selectivity involves prioritising Bank activities using criteria of potential, likely and additional impact. The same argument applies to evaluations. Country evaluations should be organised around a number of key issues and areas of interest to both the country and the institution and should avoid trying to cover too wide a range of issues, sectors and instruments that could have the effect of diluting the impact. Evaluations should be brief and organised around key elements that affected the outcome of the strategy and assistance programme.

Evaluations should attempt to increase their client focus and strategic selectivity.

Extent of evaluation

A description of the different possible types of country evaluations was provided earlier to illustrate the possible extent and coverage of the exercise. In ideal circumstances, institutions would attempt to carry out a **full and extensive CAE** for each of its major country clients, but given resource, data and other constraints, they need to be more selective in their approach. Clearly it is possible to carry out simpler types of evaluations, assessing the relevance of a strategy in meeting the institution's objectives and priorities and whether overall project performance was satisfactory. However, while this is useful in terms of feedback and lessons learned, these simpler evaluations do not provide much in terms of the value, impact or success of the assistance to the country.

Rather than attempting simpler, less informative evaluations, institutions should attempt to carry out as broad and informative an evaluation as they can, given their resource, data and other constraints.

Cost considerations

Administrative resources being limited, it is important that they be used to evaluate Bank activities as efficiently and effectively as possible. There are potentially many levels of analysis and activities that could come under CAE. Therefore, in order to minimise costs, institutions must be selective as to the level of analysis and number of activities they wish to cover. Resources allocated for evaluation must be **commensurate with the level of analysis and extent of coverage chosen**. As experience is gained in undertaking these evaluations, it will be possible to reduce costs over time. The World Bank has reduced costs by shortening the country assessment review (CAR) process through focusing only on current and relevant issues and on the introduction of the country assessment notes (CAN). The so-called "quick and dirty" approach to country assistance evaluation permits to raise issues that could be studied in greater detail if necessary, using additional resources.

Attempts should be made to reduce the costs of country evaluations by focusing on current and relevant issues. It should be ensured that resources allocated for evaluation are commensurate with the level of analysis and extent of coverage.

Country selection criteria

While, in principle, CAEs should be undertaken for all countries to which institutions provide assistance, it is clear that certain strategies and programmes in some countries warrant more attention than others do. Criteria to be used when selecting which country to evaluate include:

- The size of the institution's portfolio relative to the size of the country's economy, domestic and foreign investment levels, sector expenditures, etc.
- The number of institutional operations processed under the respective strategies.
- Strategic goals, objectives and priorities of the programme.
- Challenges and risks inherent in the strategies.
- The country's state of transition, and influence of other factors in its development.
- Whether it is obvious from the outset that valuable information and lessons to be learned will derive from the evaluation.

Institutions need to be selective and judge carefully which country strategies and programmes to evaluate. Institutions should select those countries and programmes where it is obvious that the information and lessons learned from the evaluation will be beneficial to the country, institution and development community.

Period of coverage

There have been many cases where an institution has already carried out a number of strategies as well as a mix of programmes for a country. In some of these cases, the strategy has deviated substantially from the previous one. However, projects extend well into another strategy cycle and are often included in ensuing strategy discussions. The period of coverage of the evaluation should be sufficiently long so that projects and their evaluations can be completed. Institutions need to include all of the strategies in their evaluation. In those cases where the goal(s), objectives and priorities of respective strategies have substantially changed, an assessment of individual strategies may be required. In other cases, there may be only one relatively recent operational strategy for the country, even though the institution has been providing assistance over a much longer period of time. In these cases, it would be desirable to extend the period of time considered to cover these earlier operations.

The period of coverage of the evaluation should be sufficient to allow for projects and their respective evaluations to be completed so that they may feature in the evaluation. If the strategy is substantially changed, this should be reflected in the evaluation and, if necessary, each strategy should be assessed individually.

Operational coverage and constraints

In addition to traditional investment loans and technical assistance operations, other activities include support in the areas of balance of payments and economic stability; structural adjustment and sector adjustment lending; advice and policy dialogue either directly through its operations or through its economic sector work (ESW); debt management support and services; loans and equity financing to the private sector; and aid co-ordination and mobilisation of support through cofinancing with other donors, export credit agencies and the private sector. In some cases, political considerations may also come into play, such as a moratorium or stoppage of lending to a country to encourage political change. Ideally, all these considerations would need to be taken into account when assessing the effectiveness of assistance; however, the extent to which these different inputs are clearly identifiable, quantifiable and separable may prevent their full assessment. A partial analysis may be possible in some cases.

The country evaluation should be aware of all the institution's assistance instruments and activities. However, based on cost considerations and strategic selectivity, the evaluation should address the most relevant assistance instruments and activities for the country.

Preparation of evaluation

Another issue is that of the timing of an evaluation. Ideally, the CAE should be undertaken in order to **input** its results and lessons learned **into the preparation of the next round of the country strategy**. There is, however, some argument that the CAE should be completed at a time close to the approval of the new country strategy by management and the Executive Board in order to make it more relevant. Another point to bear in mind -- a political consideration -- is the proximity of the election of a new government in the country, with its ensuing leadership and possible policy changes.

The timing of the country evaluations should permit the results, recommendations and lessons learned to feed into the preparation of the next strategy and be available to management and the executive board in time for reviewing or approving the new strategy. *Ideally, the evaluation should be available in time for the programming mission to the country and well before the new strategy is drafted*. *The new strategy should reflect the recommendations and the lessons of the evaluation; management and the board should be aware of these recommendations and lessons in their critical review of the proposed programme.*

Traditional tools: relevance, efficacy and efficiency

The MDBs have traditionally attempted to measure relevance, efficacy and efficiency of projects and programmes. The same criteria have been used to evaluate country programmes and strategies. They may be broadly defined as follows:

- ***Relevance*** **-** Whether the strategy, goal(s), objectives, activities and operations, policy formulation, economic sector work and aid mobilisation and co-ordination have addressed, and been consistent with, the needs of the country. How these relate to the institution's mandate, the country's internal strategies, priorities and policies as well as those of other donors and investors may also influence the relevance.
- ***Efficacy*** **-** Whether a country programme has been effective in delivering results through its loan, technical co-operation, policy dialogue and other activities compared to stated intentions and objectives.
- ***Efficiency*** **-** Whether the method and procedures employed to arrive at a country programme and strategy and the instruments used to implement it (loans, TC, policy dialogue, ESW, aid co-ordination, etc.) have been the most cost-efficient.

Measuring relevance

In the studies completed by the World Bank, relevance is measured by first examining the needs of the country over a period, normally at a macro-economic level and sometimes at the sector level. Successively, it is assessed by reviewing the Bank's assistance to determine whether a correct diagnosis was made; whether the objectives of the strategy were consistent with the diagnosis; and if the assistance and instruments were adequate for achieving those objectives. On the whole, the Bank chose countries for their country assistance reviews (CARs) that had experienced substantial amounts of structural adjustment, sector adjustment, stabilisation or debt reduction funding. This facilitated a macro-economic assessment of the needs of the country, rather than a more detailed sector assessment of its needs. It also facilitated the assessment of the policy dialogue and ESW that the Bank undertook during that period. In almost all of the CARs and shorter country assistance notes (CANs) the strategy was judged to be relevant. The Zambia CAR concluded that the Bank's strategy was less relevant to the country's long-term development than it could have been. The Argentina CAR found the strategy to be relevant, but not the instruments. Some CARs (Argentina, Côte d'Ivoire and Bangladesh) found the country strategy to be more relevant in one period than another. In a number of cases (Ghana and Mozambique) the CAR chose not to give relevance rating to the strategy.

Relevance examines whether the institutions' strategy, goal(s), objectives and activities have addressed and been consistent with the needs of the country and how they relate to other priorities.

Measuring efficacy and effectiveness

Efficacy is typically measured by determining whether the assistance instruments achieved the objectives of the strategy. The Asian Development Bank (AsDB) has taken this one step further by distinguishing between **efficacy** -- which it defines as progress in achieving the Bank's macro-economic and sectoral objectives for the country through its operations -- and **effectiveness** which it defines as achievement of objectives of individual Bank lending and non-lending operations. The World Bank CARs and CANs mainly review adjustment and macro-economic-based operations, sector support activities, ESW and the Bank's role in aid co-ordination of the assistance activities. These instruments account for the bulk of assistance the World Bank has provided in its assistance programme to the selected countries.

Efficacy is also measured on a sector basis. Conclusions occasionally are reached for all assistance activities and instruments within a sector, more often they are measured over a period of time (Zambia, Argentina and Côte d'Ivoire). In other cases, efficacy is measured and reported on a sector-by-sector basis and for the different types of instruments (Morocco, Poland and the Philippines). In some cases the evaluation did not provide a rating of efficacy, given that the programme was ongoing (Mozambique and Albania). In these cases, implementation experience was reported.

Efficacy refers to the extent to which the assistance instruments have achieved the intentions and objectives set.

Measuring efficiency

The World Bank CARs and CANs measure **efficiency** by comparing the costs of the preparation and implementation of the country operations and programme to that of other country's programmes -- either in staff years or in direct dollars. This comparison can be made with the Bank's or the region's average, or with similar countries in the region. Sometimes efficiency is measured in terms of the length of time between approval of the project and its implementation. The World Bank has begun to explore how to compare the costs per unit of benefit, which would be a better way of measuring efficiency although the difficulty here is in defining benefit. While it is relatively easy to assess the costs of a strategy and related instruments (staff weeks or dollars spent on preparation, supervision and implementation of a programme), the unit of benefit cannot be defined so easily at country level. Further effort needs to be made in this area.

Efficiency refers to whether the method and procedures employed to arrive at a country programme and strategies and the instruments used to implement it have been the most cost-efficient.

Measuring sustainability

Another issue to consider is the **sustainability** of an institution's programme or strategy. While it is relatively straight forward to measure sustainability at the project level, attempts to measure it at the strategy, objectives or programme level are considerably more complex. Evidence shows that while projects are sustainable, the strategy or its objectives may not be, due to numerous external factors. Whether an evaluation can measure sustainability of an institution's objectives or programme depends on numerous factors, many of which are difficult to quantify or qualify. Elements of the strategy or some objectives can be measured for sustainability, such as sustainable reform or sustainable growth in a particular sector.

Various objectives of the strategy can be measured for sustainability when there is clear evidence of it, such as sustainable reform or sustainable growth in a sector. It must be recognised that external factors can easily affect the sustainability of an objective.

Private sector

The International Finance Corporation's (IFC) role in private sector development has been briefly discussed in a number of the World Bank's recently completed CARs through the inclusion of a box providing information on IFC in the country. This information has on the whole been very sparse, usually providing a brief description of the strategy used, including sector emphasis, projects that have been funded, projects in the pipeline and other activities in which the IFC has been involved. The IFC and EBRD both have valuable experience in dealing with the private sector. Both organisations plan to carry out their first country evaluation in 1999.

It would be helpful to increase the coverage of the private sector in country assistance evaluations. Different institutions dealing with the public and private sectors should consider carrying out parallel or possibly joint country evaluations to enhance this process.

Cross-cutting issues

Institutional priorities in the MDBs and in many donor countries now place much greater emphasis on cross-cutting issues such as poverty reduction, gender equity, governance and the environment. It is even more difficult to provide targets or benchmarks for these concerns than for macro-economic or sector performance. Despite the growing importance of these concerns and the difficulty in quantifying them, a strategy needs to provide some insight into how these issues can be addressed in the country. Likewise, a country evaluation should address these issues when structuring its assessment of the strategy and assistance instruments. A number of the World Bank CARs (Morocco, Mozambique, Albania and Bangladesh) discuss some of these cross-cutting issues. However, treatment has been brief and relates more to progress in the country rather than any attempt to attribute impact. These issues are discussed in more detail below.

When preparing country evaluations, institutions should report on progress achieved in the country on cross-cutting concerns of poverty reduction, gender equity, governance and the environment. If projects are directly earmarked for these concerns, assessment can be made of their efficacy.

Poverty reduction

The issue of **poverty reduction** is raised in the country strategies of many MDBs these days. The World Bank uses a wide range of instruments in the strategies to support efforts to reduce poverty – efficient and broad-based economic growth, access by the poor to health care and education, urban and rural development targeted on the poor, access of the poor to credit, the development of infrastructure in poor areas and policy dialogue. The World Bank recommends that each of its CASs i) include a coherent diagnosis of poverty based on recent analysis, ii) develop special indicators and benchmarks for evaluating poverty outcomes and an information strategy to monitor results at both the project and country levels, and iii) include a poverty strategy which involves a high degree of participation of the poor and marginalised in its preparation. These efforts to build a poverty reduction strategy into the CAS and include indicators and benchmarks should greatly facilitate the evaluation of the Bank's efforts in this area.

The World Bank's CARs and CANs have provided little focus so far on the poverty reduction agenda of the Bank. The Bolivia CAR reported that the Bank's three social fund projects in the country appear to have been regressive because they provided the poorest provinces with far less resources than the less poor ones. The Bangladesh CAR noted that while considerable progress has been made in improving the general well-being of the population through reduced infant mortality, increased life expectancy and increased caloric intake, large segments of the population still live in very poor conditions. The Ecuador CAN examined the CAS objective to alleviate poverty, noting that the condition of the poor deteriorated over the period in question, that targeted loans represented only a small portion of the total and that the borrower was unable or unwilling to invest in a meaningful social safety net. Greater efforts are being made to include poverty reduction in recent studies such as the Sri Lanka CAN.

Efforts to build poverty reduction objectives with accompanying targets, indicators and benchmarks into country strategies would facilitate evaluation efforts in this area. In situations where the strategy does not address poverty reduction objectives, country assistance evaluations can still relate project success and other progress (or lack of progress) in this area.

Gender equity

The issue of gender equity – differences in economic and social indicators – income, wealth, education, nutrition and access to services and resources – is referred to in an increasing number of strategy documents. However, gender gaps still need to be more rigorously analysed in both strategies and evaluations in terms of their measurement, patterns, causes, implications and needed actions. Efforts need to be made to identify countries and regions with disproportionately large gaps and where efforts have been successful or unsuccessful to reduce them. Country strategies need to reflect these efforts and evaluations need to identify practices and lessons.

The World Bank's recent Yemen CAR addressed the gender gap issue. It found that the Bank's impact had been modest and recommended that priority should be placed on female literacy, improving the health and nutritional status of women and improving women's access to financial services. The Mozambique CAR found that attention to gender issues was sporadic due to a lack of an explicit gender strategy.

Institutions need to identify countries and regions with disproportionately large gender gaps and reflect efforts to reduce the gap in country strategies. Evaluations should focus on country experience in this area.

Governance

Governance issues are not extensively covered in country strategies; they are often delicate and usually addressed in countries emerging from upheaval and requiring reconstruction assistance. In World Bank strategies where governance has been addressed, coverage has been uneven, often focusing on diagnosis rather than corrective action or Bank support. Future CAS efforts will focus on addressing economic aspects of corruption including diagnosis and analysis, causes, impact and potential Bank activity. The appropriate mix of approaches will depend heavily on country circumstances.

Coverage of governance issues in CAEs has been light. Reference was made in the Sri Lanka CAN of the Bank's assistance not being sufficiently supportive of ethnic harmony. The Albania CAR provided some discussion of the need for improving governance and quality of public administration of state institutions in light of developments in the country.

Institutions need to identify governance and civil society issues when preparing strategies and appropriate action to address these concerns. Evaluations can focus on the situation in the country and relate if and how Bank instruments have addressed it.

Environment

Coverage of environmental issues in country strategies varies widely. In some of the World Bank CASs, the environment is covered extensively in various sectors and in others there is little more than a mention of a national environmental action plan. Links to strategic or macro-economic issues are rarely made although sometimes there are estimates of costs of environmental damage at a national level. Bank staff are investigating ways to incorporate environmental issues more systematically and effectively into selected CASs, possibly relating key environmental indicators and issues to strategic macro-economic issues. These indicators should become an important tool for evaluating the Bank's response and forms of assistance.

Environmental issues have been raised in a number of the World Bank studies. The Poland CAR discussed falling pollution levels, although not necessarily attributable to the Bank's interventions. CARs for Mozambique, Albania and Bangladesh and recent CANs have addressed a number of environmental issues.

Environmental issues are becoming increasingly important in the preparation of country strategies for a number of the MDBs. This should facilitate improving the coverage of environmental issues in the country evaluations and encourage better reporting of results.

Institutional and implementation capacity

Institutional and implementation capacity constraints are frequently discussed in country strategies, which usually include a diagnosis of the problems and solutions (*i.e.* small projects and institution-building TCs to improve practices, standardising procedures, decentralisation, training and closer collaboration with NGOs and the private sector). In many of the World Bank's CARs and in some CANs, a central theme has been the need to strengthen institutional capacity to increase aid effectiveness. This message is also reflected in the recent World Bank publication, *Assessing Aid: What Works, What Doesn't, and Why*. Chapter 4 of the report discusses how donor agencies have adopted broader measures of project success, assessing the effect of sector agencies on institutional capacity. The World Bank now rates each project on the basis of whether it had an **institutional impact**, viewed as the most important evaluation criterion for long-term effectiveness.

The *1998 Annual Review of Developmental Effectiveness* reports that one factor which recurs in country assistance evaluations is the weakness of institutions. The studies for the low-income countries -- Albania, Ghana, Malawi, Mozambique and Zambia -- conclude that a lack of institutional capacity to absorb the volumes of aid provided has been the central problem facing the use of aid in these countries. The Zambia CAR noted that when the World Bank stopped lending, assistance from other donors increased, thereby exceeding total investment, but this did little to increase borrower ownership, strengthen institutions or reduce poverty.

Institutional and implementation capacity are increasingly recognised among the most important elements of aid effectiveness. These issues need to be fully addressed in the country assistance process, both in the preparation of strategies and in the evaluations.

Rating country strategies and assistance

All of the CARs and CANs completed by the World Bank have been subject to a formal rating process consistent with the structure used for projects to rate country strategies and assistance. The process required staff who prepared the evaluation to summarise views as to the outcome, sustainability and institutional development results of the different strategies and assistance programmes of countries, similar to the way it is carried out for projects. In a number of cases, the country strategy was rated separately for different time periods. Of the 16 countries rated, there were 25 different and distinct strategies that received ratings, with Argentina, Malawi, Morocco, Jamaica, Togo and Zambia all having two and Côte d'Ivoire four. Fifteen strategies received a satisfactory rating while ten were unsatisfactory. There was a strong correlation between the ratings of strategies and the ratings of individual projects. These results are reported in the World Bank's *1998 Annual Review of Developmental Effectiveness*.

The Bank's current project evaluation system assesses results in three ways – project outcome, sustainability and institutional development. **Outcome** is established by examining whether the project achieved satisfactory development results considering the relevance of stated objectives and the associated costs and benefits. Outcome is rated on a six-point scale-highly satisfactory, satisfactory, marginally satisfactory, marginally unsatisfactory, unsatisfactory and highly unsatisfactory. **Sustainability** is defined as the likelihood that the project will maintain its results, focusing on features of country conditions, government and economic policies, political situation and conditions specific to the operations of the project. Sustainability is rated on a three-point scale – likely, uncertain and unlikely. **Institutional development** impact is defined as the extent to which a project has improved an agency's or country's ability to use its human and financial resources effectively and to efficiently organise economic and social activities. Institutional development impact is rated on a three-point scale – substantial, modest and negligible.

The Bank has now introduced a development effectiveness index which incorporates these three ratings into one overall rating per project. This index is described in Box 5.5. The index can also be utilised for different groups of projects representing the same or different types of investments, in order to make assessments and ratings across types of projects, sectors, the country or even regions.

Similarly, in its first evaluation of the People's Republic of China, the AsDB has developed a methodology to rate relevance and efficacy of strategy and programmes and effectiveness of lending and non-lending instruments.

Country assistance evaluation provides an important means to rate country and institutional performance. There are a number of ways in which this can be done.

Box 5.5: Development effectiveness index

The World Bank has formulated a process that would aggregate evaluation results for a project into a single measure of overall project performance. The Development Effectiveness Index (DEI) assigns a single cardinal measure for each project which could then be used to aggregate different types of projects, sectors, countries or regions to provide a more analytical tool to measure development effectiveness. The indicator possesses properties for both analysis and policy formulation that go beyond the normal financial rate of return and economic rate of return calculations made to judge project outcomes. The formulation examines the three result-oriented counts that are typically made for each project evaluation undertaken:

Outcome	**Institutional Development**	**Sustainability**
Highly satisfactory	Substantial	Likely
Satisfactory	Modest	Uncertain
Marginally satisfactory	Negligible	Unlikely
Marginally unsatisfactory		
Unsatisfactory		
Highly unsatisfactory		

The combination of these three scores yields 54 different possibilities for project results, many of which would be very difficult to compare. Although some results clearly rank a project higher in terms of success than others do, the large number of possible results make it difficult to quantitatively rate the project outcomes. However, after reviewing many projects, it was found that over 80% of projects fell under 13 combinations, most of which were clearly rated higher than others. The analysis shows that a Development Effectiveness Index to measure overall project development impact has a manageable ordering structure that can be used across different aggregates.

For the index the Bank chose a range between 2 and 10 in order to be able to compare the index or indicator to other Bank performance indicators. The results thus provide an index that allows for a better-informed comparison between individual projects as well as a performance measure across types of projects, sectors, countries or regions. This process allows for the aggregation of project indexes to reach an overall single score for a country that could be used in a country evaluation to assess outcome and effectiveness of projects and then to compare these scores for different countries.

Approaches to country assistance evaluation

A **country study** or **country evaluation** may be considered to be a narrow assessment or evaluation of the political, economic and/or social situation of a country and its impact on the relationship with the donor agency. This kind of study generally focuses on a particular set of issues that affect the aid programme. It provides a snapshot of where the programme currently stands without trying to assess issues of relevance, effectiveness or impact. It is often undertaken by bilateral agencies in an attempt to analyse the current status of its country programme. It would typically focus on issues such as:

- What are the political, economic and social circumstances that have affected or may affect the aid programme?

- How has implementation of the aid programme been affected by these circumstances?

- What is the sectoral performance of the aid programme?

- Is the aid programme serving the purpose of economic and social development in the country?

- Are the country's policies conducive to aid implementation?

A **country strategy evaluation** (CSE) can constitute an assessment of the relevance and effectiveness of an institution's strategy or plans for a country. It looks primarily at the goal(s), objectives and design of the strategy. Such an assessment does not evaluate activities or attempt to analyse the impact of the activities on the country. The IDB evaluation of the Dominican Republic took this approach. It takes into consideration issues such as:

- Was the country needs analysis correct?

- Were the goal(s), objectives and design of the strategy appropriate?

- Did the strategy's activities correspond to its goal(s) and objectives?

- Were targets, benchmarks and indicators established to assess the strategy?

A **country programme evaluation** (CPE) can constitute an assessment of the relevance, effectiveness and efficiencies of operations undertaken by an institution in a country. It focuses more closely on operations in a country and assesses overall effectiveness results of activities in aggregate. Issues to take into consideration include:

- Did the preparation and planning of activities address the strategy and country needs?
- Was the implementation of operations satisfactorily undertaken?
- What were the overall results of the projects and other activities?
- Were lessons learned from the activities fed into new country strategy efforts?

A **country assistance evaluation** (CAE) can embody a much broader approach in examining the relevance, efficacy, efficiency, selective impact and sustainability of the strategy and all activities of an institution in a country and assess cause, effect and impact on a broader sectoral or macro-economic basis. Although it may cover many of the same issues as a CPE, the country assistance evaluation attempts to provide a much more extensive assessment of an institution's assistance and activities and their impact in a country. Many of the World Bank's CARs and CANs as well as the AsDB CAPE cover many of these broader areas and issues. CAEs cover many of the issues addressed by the CSEs and CPEs but also attempt to look at additional issues such as:

- Did the institution's activities contribute to the country's development at the macro-economic or sectoral level?

- Did the country show commitment to the policy and institutional reforms and other prescriptions of the Bank?

- Did the country demonstrate its own initiatives in its development objectives?
- Were there political, economic or environmental circumstances which caused the institution's strategy to be modified or altered?
- Was there an impact on cross-cutting areas such as poverty reduction, environment, governance and gender equity?

An approach and criteria for country assistance evaluation

Given the broad range of issues, it is clear that there is some complexity in developing a uniform and systematic approach to country assistance evaluation, one that all of the MDBs can follow. Differences in the scope, structure, coverage, timing and process in each of the institutions require that the evaluation process focus on issues relevant to that institution. Approaches to country assistance evaluation may function on different levels or tiers of coverage and analysis. These levels may be defined as follows:

Programme rationale and coherence

At this level of analysis, the evaluation would focus on i) the rationale for the selection of a particular strategy or strategies for a country, ii) the coherence of this strategy with the priorities and policies of the institution and those of the country and with the problems it faces, and possibly iii) the efficiency with which the entire process was carried out. The emphasis at this level would not be to consider efficacy, impact or results issues, but rather focus on the relevance of the strategies and efficiency in the preparation, design and implementation of the programme.

Programme delivery effectiveness

At this level of analysis, there would be a much closer scrutiny of projects, programmes, TCs, policy formulation and other assistance activities such as private sector support in order to measure the effectiveness of planning, implementation, outcome and *ex-post* results and lessons learned. This process would require an aggregation of numerous audit and evaluation documents to assess results over the period. This level would not focus on broad sectoral or macro-economic results, but more on the aggregate results of projects and other non-lending assistance. The results of operations would be assessed against the objectives of projects and other non-lending assistance. This is what the AsDB has termed effectiveness.

Programme developmental impact

This level of analysis would focus on a broader, more dynamic assessment of the institution's efficacy and contribution to the country's development. It would assess sector, institutional and perhaps macro-economic results, and against these objectives, it would assess benchmarks and indicators in those areas originally defined in the strategy and programme documents. Attempts should be made to assess benchmarks and indicators, but in those cases where information is not available, more qualitative assessment would be necessary. The analysis would also focus on the institutional level. Impact on cross-cutting issues, such as poverty reduction, gender equity, governance and the environment could also be analysed.

The different levels of coverage could easily be tailored to an institution's needs, resources and ambitions. The different levels could be undertaken in stages as an institution chooses first to examine the relevance of its strategy, then attempts to assess the project and sectoral results of its lending programme, and then finally evaluates the overall results of all of its activities on the country. The entire process could possibly be carried out simultaneously, allocating less resources to a particular level and concentrating more on others.

Guidelines for the preparation of country assistance evaluations

Box 5.6 provides a proposed blueprint for the preparation of CAEs based on experience and consultation with the World Bank and IDB. The blueprint illustrates important steps in country and team selection, level and focus of evaluation, preparation of an approach paper, desk review, field visit and completion of draft and final reports.

Box 5.6: Guidelines for the preparation of country assistance evaluations

1. Selection

- Country and period of evaluation, important political or economic landmarks, data sources.
- Focus, budget, timing for completion and team selection (joint or parallel evaluations with others).
- Level of evaluation and coverage of institutional instruments and activities.
- Possible involvement of country authorities.

2. Approach paper

- Country political, economic and social environment – why specific decisions were taken.
- Relevant development issues and extent of assistance/exposure.
- Evolution and timeline of country strategies, key debates, decisions and actions taken, disputes with country.
- Portfolio of operations and other non-project activities/assessment of information and data sources.
- Comparison of institution’s objectives and achievements with those of country and other donors.
- Level and extent of focus and key questions, over time and across sectors or dimensions, macro-economic issues, cross-cutting and other issues.
- Methodology on how to assess evaluation issues of relevance, efficacy, efficiency, sustainability, institutional development impact and overall impact.
- Co-operation and partnerships – extent of involvement of other donor agencies, government, civil society, private sector.
- Budget and timetable.

3. Desk review

- Examination of institution, field office, country, IMF, other donor and other relevant documents including academic analysis.

- Examination of strategies, economic sector work, portfolio performance reviews, project and non-project results, completion reports, project, sector and thematic evaluations and other documents.

- Discussion and interviews at desk with key staff, IMF and other donor officials and visiting government officials.

- Clarification of strategy goal, objectives, targets, benchmarks, process indicators and attribution (external shock, donor agencies, government and private sector) and counterfactual(s) to be used in the evaluation.

- Executive summaries of issues to be raised during field visit prepared in advance.

4. Field visit

- Discussion of issues with key officials, field staff, private sector, civil society and other donors.

- Perceptions of strengths and weaknesses of strategy and agency's assistance.

- Sharing of preliminary conclusions, attribution and counterfactual issues, portfolio results, recommendations and other findings with senior officials.

- Possible areas of disagreement discussed with country officials and others.

5. Completion of draft report

- Completion of draft report in headquarters.

- Sharing report, conclusions and recommendations with relevant staff and officials of the country and from other institutions.

6. Finalisation of report

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CHAPTER 6

FRENCH EXPERIENCE WITH COUNTRY PROGRAMME EVALUATION

**By the French Ministry of Economy, Finance and Industry, and
The Ministry Of Foreign Affairs, Paris**

How can CPEs be designed so as to ensure linkage with the 21st Century Partnership Strategy goals?

Country programme evaluations (CPEs) are carried out to register the efforts undertaken by member countries to achieve the goals of the 21st Century Partnership Strategy, but are not designed to respond directly to these goals.

CPEs, which examine certain aspects of French co-operation policy, notably with regard to eradicating poverty, have clearly played a role in the introduction of new project and programme indicators that take into account the orientations promoted by the 21st Century Partnership Strategy. These evaluations compare operations in a variety of sectors, thereby promoting cross-cutting themes such as environment, gender, participation, and eradication of poverty.

Since CPEs are carried out by external agents through inter-sectoral co-operation, enables reporting of evaluation results and feedback of recommendations. Concerns that address these stakes are fed into new operations. Dissemination of these aims does not entail constraints at procedural level, but primarily seeks to ensure that common concepts and innovative approaches are shared.

Preparing and carrying out CPEs can also constitute components of the 21st Century Partnership Strategy, in particular within the framework of the partnerships established with beneficiary countries. To date, however, France has not conducted a joint evaluation with a Southern nation. There are some hesitations as to the relevance of pursuing this objective, because some of the results that France hopes to obtain cannot be fully shared. Objectives set out in CPE terms of reference go beyond merely evaluating public policy, instruments, programmes and projects. CPEs allow us to review our operations, take stock of activities over a decade, determine whether our actions are consistent with those of other lenders, and share our experiences with in-house and external co-operation departments. In addition, they allow us to identify complementary approaches and a shared vision.

The purpose of CPEs is to assess French co-operation policy, not beneficiary country policy. They are primarily exercises that assess the effectiveness of our policy in relation to the goals set for it.

Despite some reservations which have been voiced about the principle of joint evaluations *stricto sensu*, the French Ministry of Co-operation has nonetheless collaborated with beneficiary countries at various stages of CPE execution. For example, local authorities in Mauritania took part in areas of the CPE which dealt with analysing the impact of co-operation on beneficiaries. The Beninese authorities were sent the CPE executive summary. The Cameroon CPE is nearing completion, and its main findings will be communicated to the national authorities.

Whenever a CPE is launched for a country that has received financial aid, that country's participation is sought as a matter of routine. However, success has been very limited, because the authorities have failed to respond. It is always difficult to obtain their active involvement.

The Cape Verde CPE, which is just beginning, is aiming for a much greater degree of partnership: the terms of reference have been sent to the government authorities and a French delegation visited Praia to discuss ways of participating. An innovative process is taking shape.

How can development effectiveness and impact be defined and measured at the country level?

It has been difficult to assess the impact of French aid through CPEs, even in countries where we have a strong, long-established presence and where our contributions are such that France is often the leading bilateral lender. The impact is assessed by sectoral and thematic evaluations and programmes that complement the CPE or serve as a starting point for it.

Determining and limiting the scope of CPEs is important. CPEs offer a synthetic approach to assessing the overall impact on a country's development (improved infrastructure, higher standards of living, status of public accounts, national debt, ability to fund new projects).

CPEs must take into account other assessments, where such exist, and simple qualitative studies when assessing the leverage exerted by our actions at local, sectoral and national levels. However, direct or indirect "beneficiary" analysis is time-consuming and expensive, and this is not the primary objective of CPEs; these do not target scientific knowledge, but rather how their findings can be used by decision-makers. The same is true of occasional attempts to specifically evaluate the visibility and transparency of co-operation, given the close relationship between the various forms of partnership (monetary, financial, trade, private sector investment, diplomatic, cultural, French-speaking, etc., and consular in the case of movements of people and international migration) with beneficiary countries.

Components of effectiveness were identified for each main sector when French aid to Benin was evaluated. Seven sectors were selected, and the degree of physical implementation, the relative size of financial aid provided by France, short- and medium-term results, and the medium- and long-term impact were identified for each. The evaluation, carried out in 1997, covered the period from 1985 to 1995. Not surprisingly, the short- to medium-term results showed a marked improvement (the country's economy collapsed in the late 1980s) and uncertainty reigns as to the viability of the operations in terms of medium- to long-term impact.

The French Ministry of Co-operation evaluated the impact of suspending aid to three countries: Haiti, Togo and Zaire. For political reasons, and in an international context where decisions were taken along with other lenders, and more specifically with the European Union, France decided to suspend aid to these countries. This exercise can serve as a basis for demonstrating -- conversely -- the effectiveness and impact of French aid. (See the **appended document summarising** the relevant report.)

One dominant sector -- telecommunications--was singled out when aid to Yemen was evaluated. Effectiveness indicators have since been defined and identified. One criterion for success for this development programme was the rate, usefulness and durability of infrastructure; another was the country’s ability to continue developing this sector using its own technological and financial resources – which is the case today.

How can CPEs take into account the effects of the external environment on development effectiveness at the country level?

CPEs present countries in a standardised report, the first section of which gives their international context. This is a necessary prerequisite to beginning the exercise specified in the terms of reference. The macro-economic section is important, even for the poorest countries, because external aid represents a significant share of their investment budget. It details their dependence on foreign trade, their scarce primary goods which are subject to fluctuating world prices, the effects of indebtedness and structural adjustment, etc. Devaluation of the CFA franc is also an important factor.

CPEs are also expected to situate the country examined in a sub-regional context. This is particularly important in Africa, given the relative influence of countries such as Nigeria and the many destabilising conflicts emerging in a number of regions on that continent.

But French co-operation strategy has to be situated clearly in other regions in relation to neighbouring countries and in terms of how it complements interventions by other lenders. This is a key element for co-operation policy decision-makers. The interdependence of economies makes this type of perspective indispensable in CPEs.

What methodologies and evaluation criteria are relevant/useful in CPEs?

The criteria adopted and promoted by the DAC since 1991 are routinely included in CPE terms of reference and will be the object of a memorandum specific to the Treasury Department's Evaluation Unit. However, for the French Ministry of Co-operation, competitive practices have increased the diversity of methodologies used by individual consultant and team evaluation reports. Furthermore, new expert evaluations are being called for within the Ministry's units and in other ministerial departments in order to bolster skills and compare experiences.

Although it is necessary to diversify experts’ profiles in order to acquire new methods of assessing the French co-operation actions undertaken, it is nonetheless indispensable to ensure a degree of uniformity among CPE reports. After the first six CPEs, methodological analysis involving a comparison of various approaches was carried out to establish a basic framework. Each new CPE offers an opportunity to review and supplement this framework in the context of a country group where the technical services and the main participants (Diplomatic Division, Treasury Department, French Development Agency) are represented under the responsibility of the geographic official representative for the country concerned.

Over the years, the expectations set out in the terms of reference have become more specific. At the same time, however, demand has increased, as has the workload. CPEs have to respond to increasingly urgent needs (those of geographic representatives with regard to strategy, of sectoral representatives in their respective areas, of financial representatives on good governance, of political representatives on the position of France in relation to other partners, of elected officials on the effectiveness of aid, etc.); as a result, tasks have multiplied and have become more lengthy, reports have become more detailed, and costs have risen.

The time has come to identify more specific priorities and better determine the stakes. One aim being considered is to focus the evaluation exercise on co-operation policy and to separate it from preliminary tasks such as compiling documents, data and statistics concerning the economic situation, aid received, and studies on sectors, programmes and projects. It is not possible for the time being to eliminate the assessment portion, but a new type of CPE is being carried out in which the evaluators are steered more overtly towards analysis of co-operation policies.

The Treasury Department's Evaluation Unit has shifted the focus of the exercise; it is clearly defined as an instrument for assisting decision-making, one whose approach must be more synthetic in nature. Specific terms of reference for CPEs have been finalised, and increase the involvement of the administration's technical bodies. Demand remains high, and is routinely based on a quantitative assessment of aid, extended to encompass all French co-operation players in a country.

CPEs also provide an opportunity to identify more targeted evaluation needs, such as project and sector evaluations, for which the CPE can constitute an important benchmark. CPEs and other types of evaluation have become increasingly interlinked. Project and/or sectoral evaluations can fuel a CPE, which can itself identify a need for a more specific project or sector evaluation.

In addition, the existence of more than one CPE can result in sectoral evaluations and inter-country or intra-zone instruments being undertaken. CPEs allow the scope of strategic analysis to be broadened.

The DAC criteria have proved very useful, although their application (impact, in particular) is more difficult in the area of CPEs than in project and programme evaluations.

The main preoccupation of evaluators is usually the relevance of co-operation actions. This concept is put into perspective in relation to partner country expectations and needs, and to French co-operation objectives, both stated and implicit.

Coherence is applicable on an "internal" and "external" basis, since links between the various forms of intervention by the French Ministry of Co-operation need to be examined, as does co-ordination among the various bilateral and multilateral lenders. This latter point is regularly underlined, often in connection with its weakness.

Effectiveness and efficiency are assessed by studying projects and programmes. It is difficult to examine co-operation policy from the point of view of these criteria. The same is true with regard to quality. However, these criteria can be assessed by examining co-operation instruments (technical assistance, expert missions, funding, operators, etc.), and are useful when formulating general recommendations on intervention methods.

Evaluators routinely consider the partnership aspect. Support for institutional development has become a focal point of the French Ministry of Co-operation, at both central and decentralised levels, in a governmental perspective and for the greater good of society. This is where the criteria of efficiency and viability or sustainability assume their full importance.

How are CPEs findings taken into account by beneficiary countries and donors in adjusting development strategies and donor-supported programmes?

The reporting and feedback effect mechanism is based on a number of simple principles, but is not standardised, because it must be tailored to the context and the relationship with the partner. CPEs produce findings and recommendations of different types, which can be divided into three categories: operational, management, and strategy.

A report on each CPE is circulated selectively within the French administration. To encourage readers to take into account the lessons learned from the evaluation and to facilitate the application of recommendations, a reporting action is carried out in both Paris and the beneficiary country as soon as the report is published. The report's general findings are then submitted to the beneficiary country. The report is drawn up under the responsibility of independent evaluators, whose findings are not binding upon the ministries.

Independent evaluation can run counter to the sharing of results and their appropriation. The French Ministry of Co-operation has therefore looked at how willing government units are to take CPE findings on board. To this end, progress reports on CPEs carried out over the past five years or so have been planned. The first report, in Togo, revealed that the main recommendations had been incorporated in co-operation policy. Two factors encouraged this. First, the geographic official representative, who drafted the executive summary, then contributed directly to the process of formulating the country's medium-term orientations. Secondly, and above all, the suspension of French aid gave us an opportunity to refocus our co-operation and enabled us to start again (in a limited way) on new operating bases.

Evaluation Unit members do not restrict their role to just feeding back CPE results. They are consulted during the examination of the medium-term orientations set by the missions and the geographic units, and examine all financing projects and programmes submitted by the technical units. Having referred to CPE findings and recommendations, they can then decide on priorities, new projects, and formulate opinions.

At the Treasury Department Evaluation Unit, information media have been standardised and are in general use. A project to extend information channels is under study. The emphasis now is more on general recommendations than on specific ones of narrower interest, because recommendations are primarily intended to fuel political, strategic considerations. The information shared with beneficiary countries concerns those aspects that interest them directly and on which they have a real possibility to act upon (notably, on institutional aspects of co-operation).

The feedback effect of CPE findings can be verified by undertaking a further CPE some time later. However, this is necessarily a summary exercise with very narrow terms of reference and a very specific operational aim; this speeds up the response time of the various partners and offers proof of an ongoing concern with the quality of the co-operation undertaken.

How can the effective involvement of partner country officials and beneficiaries be ensured given prevailing donor needs and requirements for accountability and professional evaluation standards?

Partner countries will not become involved in CPEs unless they want to be. Evaluation is new to many developing countries and sometimes does not even exist. It is often confused with inspection, monitoring or auditing. Many countries do not have the skills or resources to set up a body of evaluators. Regional seminars on strengthening evaluation **capacities** organised by the OECD have shown that many countries are interested, but also that significant obstacles remain to be overcome.

The case of CPEs is even more complex than other types of evaluation (project, programme, sector, etc.); skills in the area of overall evaluation of public policy are relatively rare. The French Ministry of Co-operation hires highly specialised consultants; their degree of expertise does not exist in southern partner countries. Nonetheless, local experts can provide valuable back-up, and the terms of reference published in the Official Bulletin always state that priority will be given to northern consultants who use the services of local experts.

One of the criteria for selection of experts in the tenders issued by the Treasury Department’s Evaluation Unit is the participation of consultants from beneficiary countries. This is often easier to obtain than the involvement of government representatives from the beneficiary country, something always sought when CPEs are undertaken. However, two CPEs have been closely monitored by local authorities, which seconded a representative for the occasion. This was the case for Bangladesh, and for the evaluation of all forms of co-operation with Yemen in which the Yemeni Director-General of Telecommunications was actively involved. But these CPEs were not joint evaluations. What they revealed was more a desire to involve the partner in the implementation and findings of the study.

Generally speaking, a phased approach is more appropriate, complying with the expectations of the partner country and incorporating methodological support in any joint evaluation exercise. It should be noted that evaluations can never meet the exact concerns of both the donor and beneficiary countries at one and the same time. Each CPE has its own features, and the mechanism should be tailored to the specific situation.

The French Ministry of Co-operation is currently conducting its first joint evaluation, with Cape Verde. It does not have any previous experience of such an undertaking. After a preliminary visit to Praia by a French delegation in December 1998, the Cape Verde authorities confirmed their interest and agreement. They formulated three requests: to be able to designate a national consultant, to have civil servants join the evaluation team (without interfering in the CPE), and to use this opportunity to acquire evaluation skills, or at least basic training. The longer-term aim was to set up a unit to evaluate projects and programmes. France agreed, the terms of reference were amended accordingly, and a partnership agreement was signed.

How can more effective co-operation in programming, implementing CPEs and sharing information on results be achieved among donors?

To the best of our knowledge, no joint CPEs have been carried out. The above-mentioned obstacles make it clear that this type of exercise is difficult to perform when the two parties have their own specific concerns.

However, in countries that receive little co-operation aid, where the stakes are low and a CPE would be prohibitively expensive, collaboration between two or more DAC member countries would enable a CPE to be carried out or at least make it possible to compare the results of three bilateral CPEs.

Other possible initiatives include reciprocal participation by Evaluation Unit officials from DAC member countries in order to learn about the field methodologies used by each institution.

The dissemination of CPE results, summaries, methodological guides, lists of experts, etc., should be promoted.

More practically speaking, informal exchanges in the field could be developed. For example, in accordance with their instructions, teams of experts from the Treasury Department’s Evaluation Unit regularly meet local representatives of other lenders. Generally speaking, contacts are problem-free and governed by a spirit of mutual exchange and co-operation. This type of action should be further encouraged.

CHAPTER 7

ISSUES FOR COUNTRY EVALUATION
THE CASE OF THE EU COUNTRY PROGRAMME IN RUSSIA

By Dr. E. Caputo and Alexander Kotchegura
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Introduction

The subject of this evaluation is the Tacis country programme in the Russian Federation, which began in 1991. This chapter gives a very preliminary appraisal of the CP evaluation, which is being carried out by a DRN (Development Researchers' Network) team on behalf of the EC Evaluation Unit. The table below provides an overview of Tacis allocations by sector.

EU TACIS: Funds allocated by sector and by year									
(1991 - 1997 - € million - Russian Federation)									
National programme	**1991**	**1992**	**1993**	**1994**	**1995**	**1996**	**1997**	**1998**	**Total**
Nuclear safety and environment	12.89	0.00	0.00	0.00	0.00	5.50	5.00	*6*	*30*
Restructuring and private sector development	27.20	29.76	54.50	43.40	40.60	31.30	28.70	*32*	*288*
HRD and public administration	46.64	24.57	44.00	18.85	52.80	33.80	27.00	*33*	*282*
Agriculture	50.85	21.49	12.50	16.30	17.00	10.60	13.00	*9*	*151*
Energy	41.50	16.00	21.10	19.50	18.00	11.50	13.00	*13*	*155*
Transport	32.87	14.25	13.55	13.90	12.60	8.50	7.00	*10*	*115*
Policy advice and SPPs	0.00	0.00	0.00	18.95	0.00	26.00	31.00	*0*	*76*
Telecommunications	0.00	4.93	5.10	4.10	5.40	3.00	4.00	*2*	*28*
Others	0.00	0.00	10.00	15.00	14.79	2.80	4.20	*10*	*57*
Total	**211.95**	**111.00**	**160.75**	**150.00**	**161.19**	**133.00**	**132.90**	***112***	***1,179***
Other programmes									
*Regional programmes**	*106*	*89*	*172*	*132*	*125*	*152*	*135*	*140*	*1,051*
*Donor co-ordination***	*0*	*35*	*21*	*25*	*40*	*43*	*37*	*36*	*237*
*Programme impl. support****	*6*	*24*	*11*	*21*	*23*	*38*	*34*	*35*	*192*
*Others*****	*0*	*0*	*0*	*10*	*10*	*11*	*12*	*10*	*53*
Total	*112*	*148*	*204*	*187*	*198*	*244*	*218*	***221***	***1,532***
Other for Russia (estimate)	**56**	**74**	**102**	**94**	**99**	**122**	**109**	***111***	***766***
Grand total (estimate)	**56**	**74**	**102**	**94**	**99**	**122**	**109**	***223***	***1,945***
*includes Interstate; **includes EBRD, Bangkok facility, PCA, International Science and Technology Centre									
***Includes Co-ordinating Units, Monitoring, Information; ****Includes Democracy programme									

Source: National programme data are from EU Delegation in Moscow, report dated 20 June 1995; subsequent data are from Action Programmes. The interstate data are from official records. The Commission has approved the estimate of the Russian part.

This chapter intends to highlight some methodological issues using the Russian CP evaluation as an example. The evaluation team did not have either the data -- since the study is still underway -- or the time to prepare a paper on the results and/or the methodology of the evaluation.

The workshop in Vienna, however, provided a particularly appropriate occasion to share some important issues with participants, even though findings were at a very preliminary stage.

Three specific issues are discussed here:

- That of the CP strategy, beyond the general policy/programming documents.

- That of the political framework in which a CP should fit.

- How to measure the impact of a CP with respect to its *ex-post relevance* and the *influence* of the donor.

Identifying country programme strategy

The existence of a country programme implies the existence of a strategy linking an aid agency and a recipient country. Such a strategy may be more or less explicit. Often it is just mentioned in relatively general policy papers. In any case, the evaluation should retrace *ex-post* the logic and the coherence of a country programme on the basis of its priorities and implementation.

This is a very complex exercise, since in most cases the CP is not conceived as a coherent exercise, but is the sum of a number of apparently heterogeneous programmes.

Especially over the last ten years, many development co-operation agencies have made an effort to attain CP coherence, and *ex-ante* country strategy papers have been prepared. In the case of the European Commission (EC), a number of mechanisms have been employed such as National Indicative Programmes (NIPs) and Country Specific Programme (CSPs). Although the importance of these mechanisms may be increasing, the bulk of a country programme has a strong *inertia* and its design and implementation represent the actual levels of partnership between the donor and the recipient countries more realistically than any country paper.

The case of the Tacis programme in Russia is particularly rich in terms of guidelines and programming documents. One policy document and three different programming tools are used. These are:

- The Tacis Regulation, approved by the EU Council in 1991, 1993 and 1996, which sets out the general objectives, the policy framework, and the basic guidelines for the whole programme.

- The Indicative Programme, which is agreed upon every three years between EU and each country participating in the programme, and includes general policy statements, priority areas of co-operation, sectoral concerns, and a global financial package.

- The Action Programme, which is set every year, and includes the list of programmes and projects to be financed during the year, and their relevant budget allocations.

Just to read these programmes is not sufficient to understand the full strategy of Tacis CP in Russia. If we consider the Tacis Regulations and the main elements of the Indicative Programmes, for instance, the objectives of Tacis strategy in Russia -- at least during the period 1993-1999 -- could be summarised as follows:

- To build the framework for a market economy:
  - Focus on know-how transfers and human resources development.
  - Enhancing privatisation and enterprise restructuring.
  - Support the establishment of a new legal and institutional framework.
- To strengthen the democratic process:
  - Support good governance and decentralisation.
  - Support the participation of civil society.

In practice, there have been significant divergences between the programme design, as it appears in the Action Plans, and the actual priorities identified in the implementation, which could be resumed as follows:

- In the domain of restructuring privatisation and enterprise in both the industrial and agricultural sectors, a large proportion of resources (about 40% of the total share) has been allocated and spent.
- In the domain of supporting training and education to promote management and technical skills, investment has been significant in Human Resources Development, although less than what was planned and feasible, given the high potential of the working population.

With respect to the other strategic priorities, it can be said that:

- Few resources have been invested in building the new legal and institutional framework.
- Governance and decentralisation started being considered a priority only in the later stages of the implementation.
- Democracy and civil society issues have only been marginally addressed.

This discrepancy between, on the one hand, policy and medium-term planning and, on the other hand, annual budgetary decisions, should be better considered by the aid agencies[23].

The political framework

The political framework governing the relationship between donor and recipient should be considered. This is particularly important for bilateral co-operation agencies and the EC. The political framework between donor and recipient -- as it is laid out in general international agreements and/or specific co-operation initiatives -- provides a set of objectives against which a CP should be evaluated.

23. The new Regulations and NIPs are proposed to cover a 6-year period. This may improve the planning capacity, but — if no adequate measures are taken — will increase the gap between planning and actual decision-making.

In the case of the EU and Russia, a Partnership and Co-operation Agreement (PCA) was signed in 1994 and entered into force in 1997. Among the key aims of the PCA, the following are of particular importance for Tacis:

- The search for a global partnership: political, economic, and cultural.
- The establishment of a regular dialogue on political issues.
- The strengthening of generalised trade and investment links.
- The gradual integration of Russia into a wider European economic area.
- The future establishment of a free trade area between the European Union and Russia.

The Agreement follows a number of guiding principles:

- Democratic principles and human rights.
- And economic integration between Russia and Europe… "aims…at an exceedingly high level of *ambition"*[24].

A desire to promote integration between Russia and Europe has been made explicitly by Moscow: " I believe a decisive step has been made towards renewing the unity of our continent. This Agreement is a document setting out precisely and clearly the conditions and stages of Russia's return to economic Europe, as an equal partner", President Eltsin said at the signature of the PCA.

1. Along with the consolidation of the PCA, which has become a key reference for the Tacis country programme, a number of other factors should be considered in order to have complete understanding of the political framework, which characterises the very singular EU-Russia relationship:

- EU already has a long border in common with north-western Russia.
- This common border will increase with the entry of the Baltic countries in the EU.
- With the extension of the EU to include these countries, trade flows and trans-frontier relationships between Russia and EU will be greatly strengthened.

Such relationships are going to become vital not only for trade and exchange rates, but also in relation to certain key stability and security factors, including environment risk, peace and nuclear safety, migration control, and crime and delinquency repression.

A number of initiatives have already been launched to cope with these new perspectives, such as:

- The EU Northern Dimension, in which environment, infrastructure and other issues specific to the northern sub-region of EU and its neighbouring countries are dealt with.
- The Trans-European Network (TEN), or transport corridors.

In this context, Tacis should become a key element of the global partnership and long-term integration process between EU and Russia. From now on, its work should increasingly focus on the establishment of

24 EC – DG IA: presentation of PCA on DGIA Web site – March 1999.

inter-institutional networks between the two partners, as well as between private enterprises, central and local government bodies, scientific and training institutions, civil society groups and NGOs. Special attention should be given to joint projects, especially in the domain of transport infrastructure, customs, trade standards, and financial regulations. This new emphasis should reduce the traditional technical assistance (TA) component of Tacis, since the transfer of know-how should occur at horizontal level in an attempt to solve common problems.

A CP evaluation should highlight the coherence between development co-operation and global partnership so that all of the goals and the results of a CP can be globally understood and judged in both donor and recipient countries.

Evaluation of impact and donor co-ordination

The main criteria for country programme evaluation are relevance, impact, and process efficiency. The evaluation of programme effectiveness mainly concerns the individual programmes and projects, which are part of a given CP. Of course, a number of considerations are necessary with regard to the effectiveness and sustainability of the main components of a CP, although — given their general nature — they may well be common to the evaluation of impact.

With respect to the evaluation of impact, a long theoretical discussion has been developed in the past years on various key issues:

- Against which measurement criteria should the impact of a country programme be evaluated? How extensive is the change in the recipient country that the CP has contributed to? Ideally, the evaluators should be aware of what would have happened in the country without the CP, all things being equal (counterfactual analysis), but this is simply impossible.

- How to identify the impact of a specific CP in a context in which a number of donors are operating and the CP under evaluation is only a sometimes small part of the larger aid programme.

To furnish a practical response [25] to these issues, we are currently undertaking two operations:

- Actual country performance is being compared to the CP strategy – both in general, and in particular in the sectors focused on by the Tacis CP. This exercise includes qualitative and quantitative evaluations: were the objectives set out in the CP strategy met, and to what extent? Did the CP contribute a significant share of the resources allocated to the processes that have led (or should have led) to the realisation of these objectives? The exercise provides a yardstick for the *ex-post relevance* (both qualitative and quantitative) of the CP; it does not permit the impact to be measured as yet. It should be considered more as a means to measure the *potential impact*.

- The actual contribution of the CP to the crucial processes that have determined the country performance -- as well as the relevant policy dialogue between the EU and Russia -- is being assessed. This exercise provides a basis to evaluate the *influence* of the donor.

Influence is a word which became commonplace in development jargon. However, it can be ambiguous. Influence may mean capacity to push, drive, condition, or ability to dialogue and co-ordinate. In the latter

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[25] For more theoretical justifications, see also: IDS Bulletin on *Programme Aid Evaluation*, Fall 1996. In particular, Caputo E*: The case of EC*.

sense, influence is a key factor in CP management and is very important -- though not easy to assess -- in evaluation.

One of the most important areas for *influence* application and measurement is donors' co-ordination. Enhancing the quality of donor co-ordination could increase the impact of development aid.

Figure 7.1 and Box 7.1 illustrate how combining Relevance and Influence evaluation may assess CP impact.

With respect to the specific conclusions of our evaluation of the impact of the Tacis country programme in Russia, it is too early to give much detail. At a very preliminary level, however, it is possible to say that the impact has been:

- Particularly high in education and training.
- Medium in governance.
- Medium to low in enterprise restructuring and building the framework for a market economy.

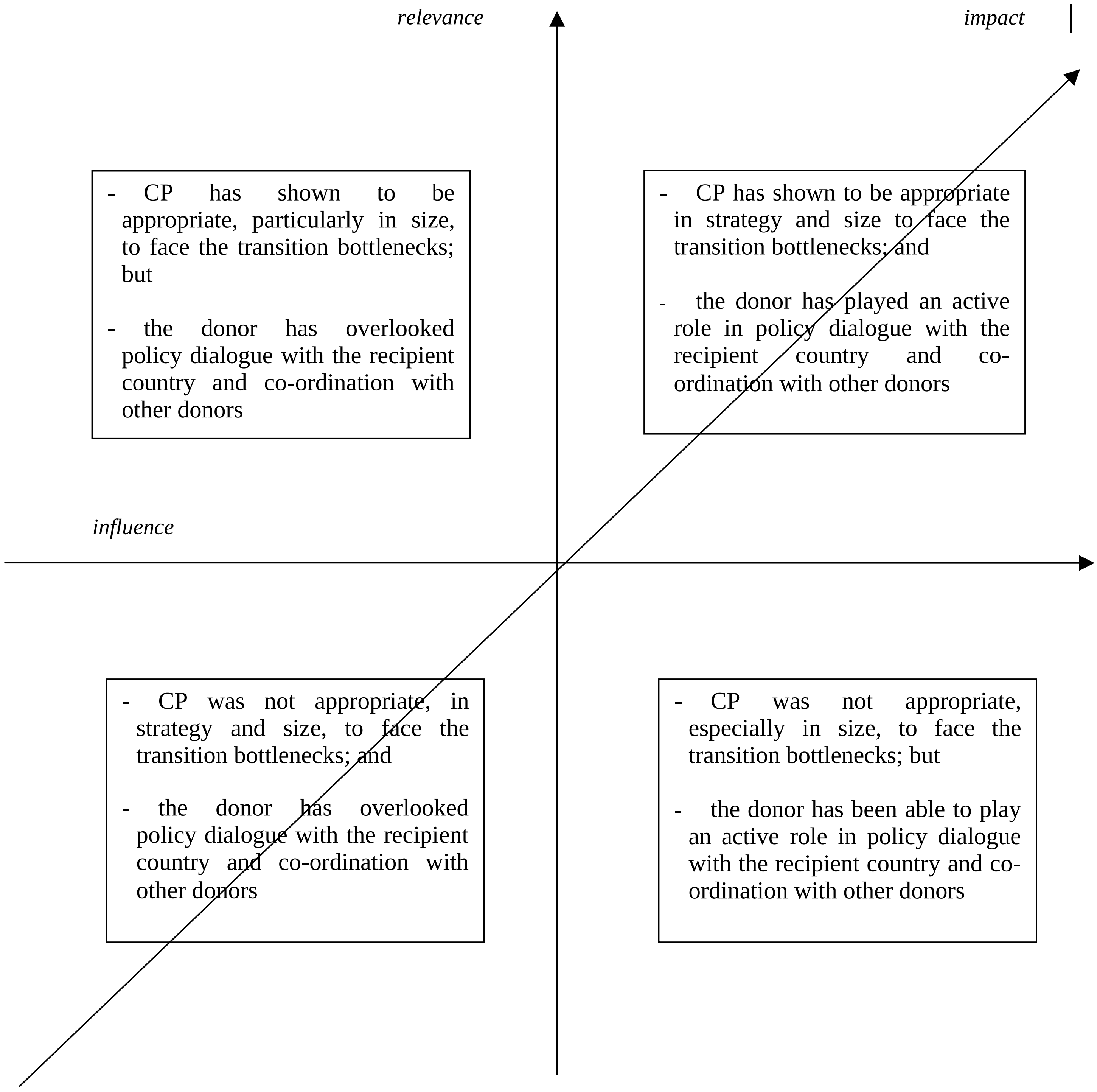
A renewed effort to increase strategic partnership and economic integration between the EU and Russia- beyond the already significant although dispersed attempts which have been made in this direction during the past years -- appears very opportune in the present historical and political framework and represents a long-term challenge for both parties, with encouraging prospects. In this respect, the newly established "EU Common Strategy for Russia" is a framework even larger and more explicit than the PCA, whose content has already been mentioned.

Box 7.1: Influence and impact

Example 1 – A CP could be in the condition of having had a very good potential impact, since it was not only relevant compared to the initial context, but also the actual performance of the country has confirmed its goals and the suitability of its policy orientations. On the other hand, however, its interventions have been completely isolated from the actual context and processes. The good performances of the country are mainly due to the Government and those donors who have promoted some key reforms, of which the CP under evaluation was a beneficiary more than a supporter.

Example 2 – A CP could have ensured an important part of the resources, which have been used to attain stabilisation and growth in a given country over a given period, as well as to start some key reforms. Its quantitative impact must be judged significant. On the other hand, the relevant donor has been absent in a number of crucial processes that have allowed the mentioned results, such as the launching of substantial reforms in the social sectors and the establishment of a new regulatory framework for business development, etc.

Figure 7.1. The impact of a country programme evaluated as a function of the *ex-post relevance* quality and size of the CP and the donor's *influence* (policy dialogue and donors' co-ordination)



CHAPTER 8

COUNTRY ASSISTANCE STRATEGIES AS A MANAGEMENT AND EVALUATION INSTRUMENT FOR DONORS: SOME CONCLUSIONS DRAWN FROM GERMAN EXPERIENCE

By Guido Ashoff, German Development Institute

Introduction

The term country programme can have two meanings:

- Country programme as the sum of all projects (including possible programme assistance) being supported by a donor in a given partner country (project portfolio); country programme evaluations will be taken in this sense.

- Country programme as the policy or strategy that a donor has conceived for development co-operation with a partner country.

This chapter is intended to analyse the role that country programmes of the second type (country assistance strategies) play in managing (planning, monitoring, adjusting) and evaluating country programmes of the first type (the project portfolios in partner countries). It is obvious that country programmes in the sense of country strategy papers should play a crucial role in managing and evaluating development co-operation with a partner country. Conversely, the quality of development co-operation with a partner country depends, on the quality of the country strategy paper.

Country programmes, in the sense of country strategy papers, are used to a varying degree by a number of donors. This chapte refers to Germany's experience with country programmes. They are called country concepts and were introduced by the Federal Ministry for Economic Co-operation and Development (BMZ) in 1992 for development co-operation with about 40 partner countries. At present, there are country concepts for 44 countries (listed in Box 8.1). They are supposed to define a very limited number of priority areas on which German bilateral development co-operation is to be concentrated, in order to enhance its continuity and reliability as well as its efficiency, effectiveness and impact. According to the BMZ, the country concepts constitute a key instrument for managing German bilateral development co-operation.

Box 8.1: List of the BMZ's country concepts (by partner countries), 1999

Albania	Ethiopia	Mozambique	Tunisia
Bangladesh	Ghana	Namibia	Turkey
Benin	Guatemala	Nepal	Uganda
Bolivia	Haiti*	Nicaragua	Uzbekistan
Brazil	India	Niger	Vietnam
Burkina Faso	Indonesia	Pakistan	West Bank and Gaza
Burundi	Jordan	Peru	Yemen
Cameroon	Kasakhstan	Philippines	Zambia
China	Kenya	Senegal	Zimbabwe
Côte d'Ivoire	Malawi	South Africa	
Egypt	Mali	Sri Lanka	
El Salvador	Morocco	Tanzania	

*Subject to further decision.
Source: BMZ.

In 1996/97, nine country concepts were evaluated from the viewpoint of their usefulness as a management instrument. One of the main findings of the evaluation was that the management (and evaluation) function of the country concepts depends crucially on four aspects, all of which are related to the central category "priority areas": 1) the way in which the term priority area is understood, 2) the criteria according to which the priority areas are identified and selected, 3) the strategies which are to be devised for Germany's engagement in the priority areas and which (taken together) define the goals and design of the country programme, 4) the way in which the country concepts are actually applied as a management instrument, especially as regards the monitoring of the country programmes at the level of the priority areas.

This chapter will deal with these four aspects and formulate some recommendations for improving the application of the country concepts as a management and evaluation instrument for country programmes in development co-operation.

The country concepts as a management instrument used by BMZ[26]

The idea of formulating country-specific strategies for German bilateral development co-operation is not a new one. For instance, in the past BMZ already had recourse to country-policy papers and country assistance programmes. What was new, however, in the country concepts introduced in 1992 can be stated in the following points:

- There is a standard outline for all country concepts (see Box 8.2). They are supposed to synthesise the situation in the partner country, the priorities of both governments, the experience of German development co-operation and other donor activities into a coherent concept for future development co-operation with a partner country.

26 This chapter is largely based on: the BMZ's guidelines for preparing and using country concepts (the original version of 1991 was updated in 1994 and 1999), and J. Kenneweg: Country Strategy Paper for German Development Co-operation. "Country Concept" (CC), presented at the European Meeting on Country Strategies in Development Co-operation, Stockholm, 15-16 June 1998.

- The country concepts are supplemented by an analysis of the socio-economic situation of the partner countries (provided by the Kreditanstalt für Wiederaufbau, KfW), an analysis of the socio-cultural conditions (prepared by specialised research institutes), and a set of indicators relating to the appraisal of the internal political, economic and social conditions for sustainable development (prepared by the competent BMZ divisions).

- Country strategy discussions are held in connection with preparing or updating country concepts. German governmental and non-governmental organisations active in development co-operation with partner countries are invited to attend these discussions which take place in advance of consultations with partner country governments.

- Together with other documents, the country concepts are presented to the State Secretary of the BMZ for approval and a decision pertaining to the German negotiating position four weeks in advance of the annual or biennial government negotiations; in certain cases, the country concepts are discussed with the Minister.

- Approved country concepts are binding for financial co-operation and the major instruments of technical co-operation (including scholarships and integrated experts), while serving as an orientation for non-governmental development co-operation.

Box 8.2: Standard outline of the BMZ's country concepts, 1999

Summary

1.	Overview of the core problems and development potential of the partner country and the framework conditions for development co-operation
1.1	Core problems and development potential, and importance of the country in the regional/global context
1.2	Assessment of the general framework conditions
2.	Assessment of the co-operation with the partner country to date
2.1	Importance of German development co-operation in the international context
2.2	Priority areas and results of the bilateral development co-operation to date
2.3	Cross-project implementation problems of German development co-operation and conclusions for future co-operation
3.	Priority areas of future development co-operation
3.1	Assessment of the partner government's development policy and its expectations with regard to the orientation of German development co-operation
3.2	Identification of the future priority areas from the German viewpoint
3.3	Assistance strategies of German development co-operation in the priority areas
4.	Co-ordination
5.	Policy dialogue and priority area-related dialogue

Source: BMZ.

The country concepts are internal BMZ documents which formulate the BMZ's views on the priorities and strategies of development co-operation with the partner countries. They are both the basis for and the result of policy dialogue with the partners, but not as such prepared jointly, explicitly discussed or negotiated with the partner country governments. They should not be confused with the summary records of the official consultations and negotiations which are held at regular intervals between the BMZ and the governments of the partner countries. The latter are informed about the country concepts, their objectives, priorities and strategies during inter-governmental consultations and negotiations and on other occasions[27]. Recently the BMZ decided to complement the country concepts by summaries which can be translated and shared with the partner countries.

The BMZ guidelines for preparing and using country concepts state that the country concepts are a "management instrument and the basis for the country-specific implementation of the BMZ's development policy goals"[28]. The country concepts are intended to fulfil the following functions:

- *Instrument for planning and decision-making*: By identifying priority areas for German development co-operation with a partner country, the country concepts aim to define a framework for the goal-oriented selection of projects and programmes and the corresponding choice of appropriate instruments. The country concepts have to be considered at all stages of the allocation of financial resources. Since they have to be approved in parallel with the preparation of government negotiations, there is a direct link between them and decisions on the allocation of funds for country programmes and projects.

- *Instrument for internal co-ordination*: The country concepts serve to link the instruments of financial and technical co-operation (implemented by different agencies), with a view to realising a coherent development co-operation approach. A distinction is made between two stages of internal co ordination: as mentioned before, the country concepts are mandatory for governmental development co-operation and serve as an orientation for non-governmental development co-operation.

- *Basis for external co-ordination*: "The country concepts also constitute the basis for our influence on and co-ordination with the country-specific programmes of other donors, in particular the EU and the World Bank."

- Basis for policy dialogue with the partner governments.

- *Information instrument* that serves the "transparency of country-specific development-related decisions taken by the BMZ."

Some results of the evaluation of country concepts

In 1996/97, the instrument "country concept" was scrutinised through the evaluation of nine country concepts. It was found that the country concepts had engendered various positive effects:

- In a number of cases they contributed to focusing the German development co-operation on priority areas, thereby reducing the fragmentation of projects.

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27 See also OECD/DAC: Development Co-operation Review Series No. 29 - Germany, Paris 1998, p. 17.

28 The quotations refer to the 1994 version of the BMZ guidelines for preparing and using country concepts.

- In this way they enhanced the continuity and reliability of Germany's development-co-operation contribution and German professionalism and ability to engage in dialogue with partner countries and other donors.

- The country concepts constitute a frame of reference that has made it easier to reject project proposals or applications outside the priority areas specified in a country concept.

- Finally, they provide a basis for discussion for the various German governmental and non-governmental development co-operation institutions active in a given partner country.

However, the evaluation made it clear that the desired effect of country concepts has not materialised in all cases. Proceeding on the guidelines established by the BMZ for the country concepts, the preparation and use of country concepts involves three crucial steps:

- Identification of "a very limited number" of priority areas on which German development co-operation is to concentrate, taking into account the partner country's core problems, development potential and framework conditions as well as the experience made so far by German development co-operation and its general development policy goals.

- Formulation of a coherent cross-project strategy for each priority area which, among other things, provides information on the medium-term goals of German assistance, the framework conditions needed to sustain the success of the development co-operation commitment, the target groups and counterpart institutions on the partner side, as well as the instruments to be used and the way in which they are co-ordinated.

- Use of country concepts as a management and monitoring instrument in accordance with the strategy formulated for the priority areas.

- The evaluation revealed some shortcomings in each of these three steps:

- The priority areas of development co-operation were not always identified in accordance with the guidelines.

- It was noted that a coherent cross-project strategy was lacking for a large number of priority areas.

- Consequently, the country concepts were not always able to fully fulfil their management and monitoring function.

In addition, it should be noted that as yet the BMZ's country concepts have not been used for the systematic evaluation of country programmes of German development co-operation.

The following sections look into these points in more detail. But, beforehand, it is necessary to define the term "priority areas" more precisely, since it is central to the objective pursued by the country concepts, and the evaluation showed that some of the points at issue here are often unclear.

The case for a problem- and goal-oriented understanding of priority areas

The BMZ's country-concept guidelines do not give an explicit definition of the term "priority area". Proceeding from various individual references in the guidelines for determining priority areas, it is, however, possible to give the following *definition*: A priority area is defined by the decision as to where best to concentrate scarce German development co-operation resources and the instruments of German development co-operation available with a view to achieving the most significant and sustainable contribution possible towards, solving a core problem in a partner country.

This definition has the virtue that it is of a substantive and not formal nature. It resists being equated with terms such as sector, subsector, or region (and the delineation problems they entail). In addressing a core problem in the partner country and calling for a significant (*i.e.* structure-building) contribution, it poses the question of the relevance and the objective of the German development co-operation contribution and it refers to the development policy-related search and decision process associated with the selection of priority areas.

In other words, what makes up a priority area is not the fact that several projects which "by chance" are located in one sector or one region, though they are more or less independent of one another, are given a common label (*e.g.* priority area "agriculture" or "physical and social infrastructure"). It is of course possible that a priority area defined in substantive terms may, *de facto*, lead to a situation in which the resources deployed are concentrated in one sector or region. But the crucial point (for the designation of the priority area as well) is, in this case, not that sector A or sector B is involved but that the concern is a contribution of German development co-operation towards solving problem A or problem B.

One objection to the proposed definition of the term "priority area" is that it is too abstract or academic. But in fact it is neither of these things. We quickly perceive this when we take a closer look, in the light of the BMZ guidelines for the country concepts, at the search and decision process leading to the identification of priority areas and the cross-project strategy implemented for the priority areas selected. The guidelines contain important references to this point which will be analysed and in part complemented by what follows.

Criteria for the identification and selection of priority areas

There is no method that can be used to derive cogently and unequivocally (and exclusively) defined priority areas for development co-operation with a partner country. The identification and selection of a priority area is always a political decision taken by Germany and the partner country with a view to setting a priority in the light of various criteria and different alternatives. It is, however, important to give a specific development-policy rationale to the decision-making process by gearing the decision to criteria that give reason to anticipate that the development co-operation contribution in question will have the greatest possible impact and sustainability. Such criteria may be outlined as follows. Identification and selection of priority areas should:

- Take account of the partner country's core problems (and not be geared to less relevant problems); core problems are those which, among the range of problems noted by the donor and the partner country, are most instrumental in hampering economic and social development.

- Take account of the development potential of the partner country (and not embark on projects where development potential tends to be weak).

- Take account of the priorities of the partner country and German development co-operation (and not seek priority areas in which the partner country has no great interest or which are not in line with the guiding notions of German development policy).

- Take account of the framework conditions required for maximum effectiveness, impact, and sustainability of the development co-operation contribution in question (which should not be undertaken in cases where, though the problems may be pressing, the framework conditions tend to be less favourable).

- Take account of the need for official development assistance in potential priority areas (and not select priority areas in which the partner country is, in principle, in a position to help itself or in which private sector co-operation is sufficient).

- Take account of the experience accumulated by German development co-operation in the partner country as well as the comparative advantages of German development co-operation (and not aim for engagement where development co-operation experience has proven more or less problematic or German development co-operation has little to offer in terms of expertise).

- Take account of the engagement of other donors (and, formulated negatively, do not duplicate work among donors, or, formulated positively, check whether the engagement of other donors can be effectively complemented in the sense of synergy effects).

- Last but not least, take account of the amount of resources available for a given German development co-operation contribution (in that this determines the extent to which, and the level of focus at which, German development co-operation can contribute to solving a problem identified as crucial).

This list of criteria is not necessarily exhaustive. It is intended to illustrate the search and assessment process involved in selecting priority areas. The country concept is intended to furnish the information and assessments relevant to these criteria (most of the criteria specified are already explicit points in the standard outline for country concepts). It must be emphasised that despite the objectification and development-related rationalisation of the search process, selection of priority areas by the competent ministry's regional division in the end always calls for assessments (of core problems, development potentials, framework conditions, the commitment of partners to development, etc.).

This understanding of priority areas entails a number of implications. It is not possible to make a general statement on how comprehensive or narrow a priority area should be. The decisive point is always the results to which the search process (outlined above) leads in the case of a given partner country; the guideline here is the overriding goal of concentrating on priority areas as a means of improving German development co-operation in the sense of a significant and sustainable contribution to solving relevant problems.

Priority areas can also require entirely different funding volumes (it is not because a given financial volume is reached that priority areas become priority areas); *e.g.* the support given to a partner country in developing an effective vocational training system may be a priority if this entails providing a contribution to solving a crucial development problem, even if the assistance given is furnished "only" in the form of systems-level advice and "only" requires a single-digit million sum.

There is no reason why a problem- and goal-oriented understanding of priority areas should in any way inhibit sectoral or other classifications (*e.g.* environmental or gender relevance) required for different purposes. German development co-operation contributions in a given priority area can always be determined concretely and, depending on the classification required, specified in suprasectoral, sectoral, or regional terms, or in accordance with other criteria. Classification or operationalisation considerations should, however, not be regarded as a reason to define priority areas in formal instead of problem- and goal-oriented terms.

Criteria for the priority area strategies in BMZ

The BMZ guidelines for the country concepts call for formulation of a “cross-project systemic approach” -- in the sense of a “future-oriented strategy” -- for the priority areas selected in accordance with the above-mentioned criteria. A priority area strategy of this sort should provide information on:

- The crucial development problem in a priority area on which German development co-operation intends to concentrate and with a view to help find a solution (outcome of the problem analysis).

- The goal of the German development co-operation contribution in a given priority area (including benchmarks to measure the achievement of strategic objectives and points for decision-making in cases of failure or deviation, in this way improving the country concepts’ monitoring and strategic controlling function). The goal should contribute towards creating structures conducive to development (development impact).

- The target groups.

- The counterpart institutions responsible for executing the projects to be undertaken.

- The framework conditions (including indication of risk potentials) relevant to the goal achievement and sustainability of the engagement.

- The partner’s inputs.

- The contributions of other donors.

- The levels of intervention of the German contribution.

- The German development co-operation instruments to be used *and* their interplay as regards their common contribution towards attaining the goal in a priority area. This is particularly true for co-ordinated financial and technical co-operation, but also for the complementarity of governmental and non-governmental development co-operation, should both of them be engaged in a given priority area (”development co-operation as a whole”).

Most of these criteria are to be found in the BMZ guidelines for the country concepts, *i.e.* they are nothing new. What is important, however, is that they should not be understood as a list of points that are left to the discretion of those who prepare a country concept; they must instead be grasped as essential elements of a strategy that is required for any engagement in a priority area and must be conceived in such a way as to ensure that the contribution made by German development co-operation is structure-building and sustainable.

Preparing meaningful priority area strategies can go beyond the scope of the country concepts which are normally very condensed documents. This is especially true for priority areas that are highly complex (as regards the goals to be achieved, the framework conditions or actors involved, the levels of intervention, or the mix of instruments). As a consequence, the BMZ recently started to prepare priority area strategies as separate papers that are attached to the country concepts; the former are included in the country concepts themselves only in the form of summaries. Preparing priority area strategy papers no doubt calls for additional effort, but this can substantially facilitate the monitoring task of the BMZ’s regional divisions.

Once a country concept has been prepared for the first time, or an existing one has been updated, the corresponding country programme (the existing project portfolio) should be reviewed and, if necessary, adjusted. It is very rare that the country concepts of/for the development co-operation with a partner country are drawn up from scratch. Hence, the fact that priority areas must be selected and a "future-oriented" strategy formulated for them does not mean that the development co-operation already underway is abandoned in favour of an entirely new start. However, it does imply scrutiny (in agreement with the partner) and, if need be, adjustment of ongoing projects on the basis of the priority area strategies formulated in the country concept. This is particularly true when, at the moment of working out a new country concept, an incoherent assortment of individual projects coexist which have to be transformed, step by step, into a coherent priority area strategy. Here, it can prove necessary to reorient, or indeed terminate, individual projects and to conceive new ones.

Country concepts and the monitoring and strategic controlling responsibility of the BMZ

While the guidelines set out by the BMZ specify the management function of the country concepts in different respects, by and large they do not spell out the function of the country concept as an instrument of strategic control, even though this function is an essential component of management, a *sine qua non* if the goals formulated in a country concept for development co-operation with a partner country are to be achieved. It is simply not enough to select priority areas, no matter how well-grounded they may be, to formulate a strategy for them, and to gear a provisional budget and a project selection process to them if it is subsequently impossible to monitor the achievement of strategic goals and to intervene when discrepancies (beyond certain given tolerances) from the strategy are noted.

The introduction of country concepts has important consequences for the BMZ's monitoring responsibility. According to the Federal Government's guidelines on financial and technical co-operation and the BMZ's operations schema used to plan and monitor projects in the fields of financial and technical co-operation, the BMZ is responsible for development policy-related (as opposed to technical) planning, monitoring, and control of every single development co-operation project. The BMZ consequently has a monitoring and control responsibility at the project level.

If the country concepts now require the formulation of a cross-project strategy which integrates the individual projects for each priority area defined within them, this establishes a monitoring responsibility at the priority-area level. The BMZ guidelines for the country concepts thus logically state: "The preparation and implementation of country concepts require the regional divisions to concentrate more strongly on the central tasks of cross-project development planning, monitoring, co-ordination, and control." This does not question the BMZ's monitoring responsibility at project level, but it does make it clear that monitoring at project level or the co-ordination of the set of development co-operation instruments in use is not possible without monitoring at the level of priority areas and the goals and strategies defined there.

The priority area level is an additional monitoring level which is advocated in the guidelines for country concepts. This involves no additional work; it even entails less for the regional divisions of the BMZ -- which often claim to be overloaded -- when project monitoring is addressed in the context of the priority area strategy. The relevance of goal discrepancies in individual projects is easier to judge, and can above all be judged more substantively, when the preliminary question asked is: To what extent does a goal discrepancy in an individual project jeopardise the likelihood that the goal in the priority area (*i.e.* the structure-building effects) will be achieved?

The monitoring and strategic control function of the country concepts

The country concepts fulfil their monitoring and strategic control function only when they furnish corresponding pointers. In fact, this is also provided for in Chapter 3.3 of the country concepts ("Detailed presentation of priority areas"). The problem is that this is neither stated explicitly in the guidelines nor, as the evaluation has shown, perceived as such by a number of regional divisions.

Monitoring pointers are first of all target criteria that may require interventions when discrepancies are noted. Target criteria or deviations from them may, to simplify, be of three different types: the target criteria may be of a substantive, time-related, and financial nature. Accordingly, the country concepts should provide pointers on these three types of target criteria as well as to possible deviations from them. It would also make sense if early warning pointers were included, drawing attention to the conditions required for goal achievement and sustainability or to risks and possible needs for intervention. This is also provided for in the BMZ guidelines for the country concepts, though sometimes in rudimentary form.

- *Substantive monitoring pointers:* The most important substantive monitoring pointer contained in a country concept is the indication of the goal of the German development co-operation contribution pursued in a priority area. Country concepts that fail to formulate goals for individual priority areas, which is the case with some of the BMZ's country concepts, are not particularly suitable as monitoring and strategic controlling instruments, or for that matter as instruments for planning, decision-making, and co-ordination either. The quality of the monitoring (as well as planning and co-ordination) here also depends on the quality of the goal definition. Goal formulations such as "improvement of" are not sufficiently forceful. In defining a goal it is essential that precise information be given on the intended structure-building effects of the German development co-operation contribution.

- *Time-related monitoring pointers:* The guidelines on the presentation of individual priority areas in the country concepts contain two rudimentary time-related pointers on monitoring which ask: "What are the medium-term goals of the sectoral assistance?" and "With which counterpart institution should development co-operation collaborate in the medium term?" In view of the "help for self-help" principle and the scarcity of resources available for development co-operation, time restraints for German development co-operation contributions are essential. The time perspective implicit in the term "medium-term" must thus be taken seriously. One of the results of the evaluation of country concepts was to recommend time-frame targets at the priority area level. Such targets, which may also include time-related tolerance limits, improve development-related planning, decision-making, co-ordination, and monitoring aimed at by the BMZ, as well as contribute to enhancing the transparency function of the country concepts.

- *Pointers on financial monitoring:* For the task of identifying future priority areas, the guidelines for the country concepts call for an indication of the "volume of the commitments expected for the future as well as an indicative breakdown across priority areas and instruments (if need be, also relative shifts)." In principle, this is a pointer bearing on financial planning and monitoring. It is important to bear in mind that an effective monitoring instrument must also permit financial monitoring, *i.e.* identification of financial discrepancies and, in specific cases, make it possible to initiate countermeasures.

- *Early-warning pointers:* An effective monitoring instrument should contain pointers bearing on critical variables that might impair goal achievement, and in this way contribute to an early identification of possible substantive, time-related, or financial discrepancies. Information on the framework conditions, counterpart institutions, and target groups in the projects to be undertaken, on co-ordination of the various development co-operation instruments, on conditions, etc. that are called for in the detailed presentation of priority areas in a country concept fulfils this function precisely if it constitutes not only planning references but also monitoring or early-warning pointers. Each of these variables can lead to significant substantive, time-related, and financial divergences from initial planning. Country concepts that do not contain any such information, or only in rudimentary form, are not well suited as an instrument of effective planning and monitoring. The results of the evaluation of country concepts led to a recommendation for additional information on risk potentials in priority areas-a point well known from project planning. This would improve the country concept's suitability as a monitoring instrument.

The evaluation function of the country concepts

While the BMZ guidelines for preparing and using country concepts specify the latter's function as a planning and management instrument, they fail to give an explicit indication of the role that the country concepts can and should play in the evaluation of country programmes, although this function is implicit. Therefore, it is not surprising that the BMZ's country concepts have not yet been used as an instrument for systematically evaluating the corresponding country programmes of German development co-operation.

The role of the country concepts in the evaluation of country programmes is already mentioned in the standard evaluation procedure. Evaluations have to consider the original goals and design of the undertaking being evaluated as one yardstick and, at the same time, assess the appropriateness of the goals and design in retrospect. Applied to country programmes (*i.e.* the sum of projects being implemented in a partner country), this procedure necessitates evaluating the country programme in the light of the programme goals and design formulated in the country concept and, in addition, assessing the appropriateness of the goals and design of the country concept. Hence the country concept is an essential yardstick and frame of reference for the evaluation of a country programme and is at the same time, subject to a critical assessment of its appropriateness.

To explain this idea more precisely, the basic evaluation issues defined in the DAC Principles for the Evaluation of Development Assistance (see Box 8.3) can be useful. In line with these, the role of the BMZ's country concepts in the evaluation of country programmes of German development co-operation can be specified as follows:

- *Rationale of the country programme:* One of the main tasks of the BMZ's country concepts is to formulate the rationale of the engagement of German development co-operation in a partner country or, more precisely, in the priority areas selected. It is this rationale that transforms an assortment of individual projects into a coherent programme. Hence, the questions raised in Box 8.3 with regard to the rationale of the country programme can only be answered with reference to the underlying country concept. Evaluating the rationale of the country programme means evaluating the appropriateness of the country concept, which itself depends on three basic factors:

  – Relevance of the priority areas identified in the country concept: The criteria of relevance are those mentioned in the section "criteria for the identification and selection of priority areas" (reference to the core problems and development potentials of the partner country, etc.). If it turns out that the country concept has identified irrelevant priority areas on which German development co-operation with the partner country was subsequently concentrated, the whole undertaking (the country programme) does not make much sense. Hence any evaluation of a country programme of German development co-operation has to start with the question: Has the BMZ's country concept identified relevant priority areas?

Box 8.3: Basic evaluation issues

It is essential to define the questions which will be addressed in the evaluation – these are often referred to as the "issues" of the evaluation. The issues will provide a manageable framework for the evaluation process and the basis for a clear set of conclusions and recommendations. The following are basic groups of evaluation issues:

Rationale. Does the undertaking make sense? Are the objectives relevant and realisable? Should alternative objectives be considered?

Objectives achievement. Evaluation is very difficult unless the objectives which the evaluated project/programme was to achieve have been clearly defined and the project agreements and operational plans and arrangements for obtaining relevant baseline data have been made. To what extent were the original objectives achieved? Or are likely to be achieved? What were the major factors influencing the achievement or non-achievement of objectives? Should objectives not have been stated clearly enough to allow for an evaluation of goal achievement, an assessment of impact and effects of the activities undertaken should still be attempted.

Impacts and effects. What has happened as a result of the project/programme? This involves not only direct outputs but, very importantly, the basic impacts and effects on the social, economic, environmental and other development indicators resulting from the activity. The examination should be concerned with both intended and unintended results, and must also explain the positive and negative impact of external factors, such as changes in basic policy environments, general economic and financial conditions.

The aim of asking these questions is to ensure that the evaluator can assess the information and formulate conclusions and recommendations concerning:

The overall results. How successful was the undertaking? Why? Do impacts and effects justify costs? Were the objectives achieved within time and within the budget? Were there any major shortcomings? Were there major achievements?

Sustainability. The question of whether achievements are sustainable in the longer run is of critical importance.

Alternatives. Are there better ways of achieving the results?

Lessons learned. What are the general lessons which can be drawn and which should be borne in mind when embarking on future programmes?

Source: OECD, Development Assistance Manual, *DAC Principles for Effective Aid*, Paris 1992, pp. 136-137

– Relevance of the objectives formulated for the contribution to be made by German development co-operation in priority areas: These objectives must be stated in the country concepts or the priority area strategy papers. According to the BMZ guidelines for preparing country concepts, the criterion of relevance is the development impact of Germany's engagement in the priority areas, *i.e.* a structure-building effect, a contribution to create conditions conducive to development.

– Chances of the objectives being realised: They depend on both the design of the country programme (*i.e.* the selection and interplay of individual projects in a priority area) and the framework conditions in the partner country. The country concepts (or the priority area strategy papers) are supposed to provide information on these issues. The evaluation has to analyse whether the chances of the objectives being achieved were properly assessed in the country concept (or the priority area strategy papers).

- *Objectives achievement (effectiveness) of the country programme:* At the project level, there is a clear difference between the goal achievement (effectiveness) and the impact of an undertaking. The term "goal achievement" refers to the question: To what extent have the goals of a project (in terms of the measurable output) been achieved, whereas the impact of a project consists of its effects on the (economic, social, political, environmental) development process. At the level of a country programme, however, the criteria of goal achievement and intended development impact coincide by definition since the BMZ guidelines for the country concepts call for defining the goals of German development co-operation in the priority areas in terms of a "structure-building" effect (a positive development impact). Evaluating the goal achievement (effectiveness) of a country programme therefore means analysing to what extent the goals specified in the country concept (or the priority area strategy papers), *i.e.* the intended development impact of the contribution of German development co-operation in the priority areas, have been achieved. This question can only be answered by looking at the individual projects being supported in the priority areas *and* their joint development impact.

- *Impacts and effects of the country programme:* The preceding section has already given part of the answer to the question regarding the role of the country concept in assessing the impact of a country programme. The evaluation should consider both the intended and the unintended impacts and effects. If however, as mentioned in Box 8.3, the objectives of a country programme (*i.e.* the goals pursued in the priority areas) have not been stated clearly enough in the country concept or the priority area strategy papers, the assessment of the impact of the country programme is more difficult, but should nevertheless be attempted. The relevant question then is: What have been the (positive and negative) impacts and effects of German development co-operation on the development process in the priority areas?

- *Efficiency of the country programme:* The criterion of efficiency refers to the ratio of the goals achieved to the costs incurred. Applied to country programmes, the question is: does the impact of the contribution of German development co-operation in the priority areas justify the costs? Or put differently: Could the same impact have been achieved at lower costs, *i.e.* with a less cost-intensive approach and project portfolio? The answer is difficult because a reliable yardstick is not easily available. The yardstick would have to be derived from the experience of either another donor active in the same priority area or a comparable priority area in a different country where the same impact has been achieved at lower costs. A partial answer to the question of efficiency can be obtained by evaluating the efficiency of the individual projects in the priority areas.

- *Sustainability of the country programme:* The BMZ's country concepts are designed to elaborate the strategy pursued by German development co-operation in the priority areas in such a way that a structure-building and sustainable impact is achieved. Consequently, the country concepts should provide information on the conditions that ensure the sustainability of the country programme. Sustainability of the country programme means that the development impact achieved will "survive" the end of Germany's engagement in the priority areas. Here, the evaluation has to ask the same type of questions as in the case of a project evaluation.

The relationship between country programme evaluations and project evaluations

The preceding remarks show that the evaluation of a country programme and the evaluation of individual projects belonging to a country programme complement one another.

- Country programme evaluations certainly cannot replace project evaluations. Much of the information needed to answer the above-mentioned questions with regard to the rationale, goal achievement, impact, effectiveness and sustainability of country programmes has to be distilled from the evaluation of the projects that make up the country programme. Furthermore, one should bear in mind that projects (even when they are part of a coherent strategy) often involve different partners (financing, executing and implementing agencies) and hence different accountabilities which require specific monitoring and evaluation.
- On the other hand, a country programme evaluation is not just the sum of the evaluations of the individual projects. The starting point and frame of reference of a country programme evaluation has to be the corresponding country concept.
- Except in the case of isolated projects which are not part of an integrated approach in a priority area, the evaluation of individual projects cannot be meaningful without a look at the country concept or the priority area strategy paper. This goes particularly for assessing the (intended) impact of a project which should be defined in the country concept.

Final remarks

This chapter has focused on the crucial role that the BMZ's country concepts can and should play in the evaluation of country programmes of German development co-operation. The preceding sections call for two final remarks:

- It has to be recalled that the BMZ's country concepts are only binding for official financial and technical assistance. For the development co-operation programmes of German non-governmental organisations, the BMZ's country concepts are just an orientation, despite the funding the NGOs receive from the BMZ budget. Consequently, the BMZ's country concepts do not provide the same yardstick or frame of reference as in the case of official development assistance when it comes to the evaluation of the NGOs' involvement in a country programme. In practice, much depends on how the term "orientation" is understood and applied by both the BMZ and the NGOs.
- Of course, the evaluation of a country programme does not presuppose the existence of a formal country concept as discussed in our second section. Currently about 90 developing countries receive official financial and technical assistance through the BMZ and its implementing agencies, *i.e.* double the number of countries for which there are country concepts. The decision to confine the preparation of country concepts to partner countries that receive substantial German development assistance is due to practical considerations and does not mean that there are different criteria for the design of country programmes. Hence, evaluating the engagement of German development co-operation in countries for which the BMZ has not prepared country concepts means applying the same criteria as mentioned in Box 8.3. The difference for the evaluator, however, lies in the need to reconstruct the intended goals, rationale and internal consistency of the country programme (project portfolio) from the available documentation (country notes, summary records of government consultations and negotiations, project appraisals, etc.). Ideally, the country programme being evaluated is based on a coherent strategy (with clearly identified and relevant priority areas, and coherent approaches in the priority areas) except that the strategy has not been stated explicitly in a formal country concept. At the worst, the country programme consists of an incoherent assortment of individual projects. Needless to say, the worst scenario is also possible even when there is a country concept – if the latter has failed to conceive coherent strategies for the priority areas selected.

CHAPTER 9

THE ANATOMY OF COUNTRY ASSISTANCE EVALUATION: CASE STUDY OF THE OED PHILIPPINES CAR

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Introduction

When the Operation Evaluation Department (OED) began work on the Philippines in early 1997, our methodology for country assistance evaluations was still in its infancy. Five country assistance reviews (CARs) had been completed, and two others were underway. Since 1997, our methodology has evolved further and our range of products has expanded to include shorter, less resource-intensive country assistance notes (CANs). This chapter illustrates the process and methodology issues related to the Philippines CAR.

The Philippines represented an interesting case. It was experiencing rising growth rates in the mid-1990s, but was a laggard with respect to the East Asian miracle economies. It was an early adjuster, but with hiccups in a difficult political environment. It had achieved a broad political consensus on a liberalised, export-oriented environment, but was still not a major recipient of FDI (Foreign Direct Investment). It still had a large Bank assistance programme, but Bank lending was diminishing due to large private capital inflows.

The timing of our CAR was driven by the desire to influence the preparation of the next Country Assistance Strategy (CAS) by the Bank. The Philippines is on a 3-year CAS cycle, with a progress report scheduled in between. The Philippines CAR was due to be completed around the time of a progress report (early 1998), well in advance of the preparatory work for a full CAS (expected in mid-1999). Indeed, for maximum impact it is better to issue our country evaluations just before a CAS progress report rather than just before a full CAS. In the former case, CAS preparation takes place after the Bank has had a chance to absorb the findings and recommendations of the report and subsequent guidance from the Executive Directors based on the evaluation findings and the region’s presentation of a progress report. In the latter case, however, there is usually not enough time for operational staff and management to internalise the evaluation findings and adjust the strategy accordingly (especially as participatory CAS preparation requires long lead times).

Evaluation goals

We set out to evaluate the entire Bank assistance to the country, which includes important non-lending services, such as diagnostic and prescriptive economic and sector work (ESW), policy dialogue, aid co-ordination and guarantees. Our country evaluations try to capture the synergy among all elements of assistance, transcending not only individual projects, but also the sum of all our lending activities. However, while we could rely on an internal and comprehensive database of detailed evaluations and ratings of lending operations and an established evaluative methodology, there was no evaluative work nor established methodology to rely upon in the case of non-lending services.

Extending our project evaluation framework to a country-wide dimension, we aimed at assessing:

- The accuracy of the diagnosis of the development constraints, the adequacy of its reflection in the stated objectives of assistance strategy, and the consistency of objectives and instruments of assistance (relevance).

- The achievements and sustainability of objectives and/or positive outcomes, in terms of growth, poverty reduction and institutional development (efficacy).

- The cost-effectiveness of the resources used (efficiency).

As can be seen from the guidelines issued to team members to assure consistency of approach and editorial style among them, we adopted a sequenced study approach to:

- Learn about the political, economic and social environment within which specific decisions and actions were taken.

- Construct a timeline of all key internal debates, decisions and actions taken by the Bank.

- Assess the accuracy and quality of the Bank diagnosis (ESW), in the light of available information at that time, diagnosis of other sources (government, academic literature, other donors), and *ex-post* revealed trends.

- Check for consistency between diagnosis and Bank objectives.

- Check for overlap and synergies between Bank and country objectives and priorities.

- Compare Bank objectives and actual achievements, down to sub-sectoral levels.

- Assess achievements relative to other countries in the region and reasonable standards of progress, in light of external shocks.

- Search for implementation strengths and weaknesses.

- Identify important omissions at all three stages (diagnosis, formulation of objectives, implementation steps).

- Draw country-specific and general lessons.

The focus of the CAR was on the issues which were still relevant at the time of the evaluation for decision-making by the Government and by the Bank. In fact, once the East Asian crisis erupted in July 1997 following our June field visit, we felt compelled to deepen our evaluation of Bank assistance to the financial sector and to cover issues related to crisis prevention and resolution. The starting point of the evaluation was 1986, because it was a turning point in both the political landscape and in the economic and social policy stance of the Philippines. We attempted to evaluate the challenges, needs and assistance outcomes in all important sectors, so as to provide a solid basis for a summary judgement on the Bank performance and pass a balanced judgement on relative assistance priorities for the past and for the future. This is not, however, a fixed or required feature of our country evaluations. Most of our recent CANs (and some of our CARs), faced with tighter budgetary ceilings, had to choose to be more selective in their coverage to assure adequate depth of analysis.

CAR team composition

A fairly large team was assembled under the co-ordination of a task manager (a senior economist and OED evaluator) who was also responsible for macro and private sector development. The author of this note, another senior economist and OED evaluator, was charged with assessing Bank assistance for public sector management, but was later given the full responsibilities of the task manager after his redeployment immediately following the June mission. A senior social scientist on secondment from an evaluation unit of the Norwegian Government provided a contribution on poverty; another senior economist on secondment from the evaluation department of the Asian Development Bank covered agriculture and natural resource management; a junior Bank consultant on social development explored issues related to aid co-ordination, NGO participation, and gender equality; and another Bank consultant provided a contribution on portfolio management, and general research and statistical assistance. Desk contributions were commissioned from consultants with varying degrees of Bank experience in the areas of financial sector, quality at entry of the portfolio, water supply and sanitation, transport, energy, health and education, environment and decentralisation. International Finance Co-operation (IFC) and Multilateral Investment Guarantee Agency (MIGA) provided two descriptive boxes on their assistance. Among the peer reviewers, in addition to OED staff familiar with the Philippines, we enlisted the head of the main economic policy research institute in the country.

Budget

Against a budget of USD 260 000, the actual cost of the CAR, from approach paper (January 1997) to dissemination (through the end of 1998) came to about USD 277 000.

Work processes

Our work on the CAR began in January 1997, with the preparation of an approach paper that was sent to the Executive Board’s Committee on Development Effectiveness (CODE). This paper contained preliminary references to country and portfolio performance, presented the questions to be answered by the CAR and an indicative budget and time frame for its completion. In the subsequent months leading up to a field visit in June 1997, the work of the team was limited to background reading and informal, unstructured meetings with key Bank and Fund managers and staff, mainly due to other pressing demands on key team members. Thus, the mission could not formulate working hypotheses before its departure and, in consequence, its field interviews were also open and unstructured. Nowadays, our management insists on thorough preparatory work by a CAR team before the mission. Task managers are required to draft preliminary executive summaries before a mission to assure more focused and productive field work.

The study began with desk reviews of OED and Bank reports. Clearly, all strategy documents (which had evolved gradually from project lending programming notes for management’s eyes only in the late 1980s to Board-reviewed country assistance strategy papers by the mid-1990s) were a must reading. We found also convenient summaries of country performance and of the Bank assistance strategy in crisp annual “country briefs” that Bank staff used to prepare for our Executive Board until two years ago (they were also published after some cleaning up for public consumption in “Trends in Developing Economies”). Other confidential briefs prepared for field visits by senior managers and for the annual meetings contained frank discussions of what was working well and what was working less well in Bank assistance at that time, without the diplomatic niceties and obfuscation common to formal Board documents.

We also reviewed all other relevant documents, including country economic memoranda, country risk assessments, public expenditure reviews, sector reports, performance audit reports (PARs) and implementation completion reports (ICRs), project and general country files, including correspondence files. Moreover, writings on development constraints and challenges from key non-Bank sources offered an independent check on the accuracy and completeness of the Bank's diagnosis.

Team members interviewed and followed up with most key staff (including resident mission staff) and virtually all middle-level managers of the Bank country programme (former and current) throughout all the phases of the work. The team also met with government officials on occasion of their visits to Washington for the spring meetings. The field visit in June 1997 canvassed views through individual interviews from former and current government officials, members of Parliament, academics, business people, foreign donor representatives, and civil society. Two roundtables organised in Manila allowed an opportunity for one-stop discussions with Filipino officials involved in decentralisation issues and with NGO representatives.

Methodological challenges

We faced three main methodological challenges: counterfactuals, attribution and metrics. There were no clear performance benchmarks set in the Philippines CASs under review (unlike in the most recent CASs), nor stark alternatives to the adopted assistance strategy. The CAR, however, noted that the net resource transfer had been largely negative every year since 1986, and that the pace of reforms might have been faster with less stringency by the Bank. We also tried to inject frequent comparisons of the country achievements with its neighbours, mainly on the direction and degrees of improvements rather than on absolute values. OED's ambitions and methodological approaches with respect to the counterfactual issue are still under debate. Work is also going on at the Bank to construct a comprehensive scorecard, with explicit goals for a number of key economic and social indicators, in the context of the new development framework, that may provide an automatic counterfactual against which to compare performance.

Relating country performance to Bank assistance is another difficult topic, especially when the Bank's influence on policy reform is shared with the Fund and Government, when its lending role is overtaken by international capital markets and other donors [Japan and the AsDB (Asian Development Bank) in the case of the Philippines], and when there are numerous external shocks. In the case of the Philippines CAR, the simplistic approach taken was to link observed outcomes to the Bank's stated ambitions. So, as in the case of the positive outcome of the structural adjustment reform programme, as the Bank pushed in the right direction and offered adequate support, the CAR rated the outcome of its assistance as satisfactory. The CAR, however, did not make an effort to determine the relative credit among the Fund, the Bank and the Government. And similarly for the indispensability of the Bank's role: it could have very well been the case that, even without the Bank, the country could have followed the same reform path, relying on other advisors (*e.g.*, IMF, International Monetary Fund; and HIID, Harvard Institute for International Development). It would clearly be easier to deal with this issue if the major donors were to move towards preparing joint CASs and country evaluation reviews.

The old generation Philippines CAR, unlike our latest country evaluations, was allowed to be a bit loose in its ratings ("Bank assistance … was satisfactory but uneven and below potential"). It skirted the explicit rating of its impact on institutional development and sustainability of achievements at the country level, subsuming them into the overall outcome rating. The transparency of explicit rating of Bank assistance at the sectoral level varied widely, depending on the quality of the input received from team members. In most cases, although the guidelines issued by the task manager called for explicit ratings of Bank and Borrower's performance, these were not provided or were inadequately justified by the team members. Nowadays, OED management has made it mandatory that we rate explicitly the standard OED categories of outcome, institutional development, and sustainability of Bank assistance, as well as Bank and Borrower performance.

Finally, although we started with the aim of measuring the efficiency (cost related to results) of the Bank assistance programme, in practice we could not go beyond a limited analysis of cost for a number of relevant categories and a comparison with other country programmes.

Production timetable

The production of the approach paper took about a month during January/February 1997. Only limited work was carried out since then until the eve of the three-week field visit during May/June. At the end of June, a change of task manager took place, leaving a gap in coverage of Bank assistance for private sector development and financial sector strengthening. The subsequent eruption of the East Asia crisis required an in-depth look at Bank assistance to at least the financial sector. Coupled with summer vacation plans of other team members, the mobilisation of a new consultant to produce a background piece for the CAR pushed the timetable for completion of a first integrated draft of the CAR to January 1998. Subsequent revisions to incorporate comments from within OED and the region pushed the production of the final report for distribution to the Executive Board to March 2. The report was then discussed on March 11 by the Board's Committee on Development Effectiveness, together with a "policy ledger", distilling the CAR's important recommendations and containing formal management response on them. Finally, on March 24 the Board discussed the CAS progress report presented by the region, which took into account the findings and recommendations of the CAR.

Impact

To maximise the CAR impact, OED issued to all senior Bank managers a 2-page "Country Brief" in advance of the CODE meeting (this is one of our "fast-track products" to provide quick upward feedback to senior Bank management on OED findings). And after the CODE meeting, OED published a 4-page "Precis", which is also posted on its external web site. The Overview volume with minor updates and revisions reflecting comments subsequently received from the Central Bank is also in the final stages of printing for public dissemination.

An illustration of the impact of our CAR is that the region included a 2-page summary of it in its briefing book to the new administration in August 1998, and that OED has been invited to all preparatory events for the full CAS which have been underway since last October. Moreover, even before completion of the new full CAS, as of the end of 1998, we rated the adoption rate of two of the ten principal recommendations of the CAR as highly satisfactory, of two others as satisfactory, of four others as modest, and of one as negligible (the remaining recommendation was not endorsed by CODE).

Lessons learned

The lessons learned in the process of preparing the Philippines CAR are that:

- Team should do most of their homework ahead of mission travel, both mining the outside literature, internal reports and databases, and interviewing Bank staff. Initial informal, unstructured interviews should be followed up with a round of structured interviews, preferably following the field visit;

- Background notes and clear guidelines should be issued by the task manager to all contributors to assure consistency of coverage in substance and form;

- Given the degree of resistance by operational staff and governments to less than satisfactory ratings, solid, defensible positions regarding intersectoral priorities and summary judgements on the relevance and efficacy of the entire Bank assistance (as opposed to some parts of it) require a comprehensive evaluation; and

- A brief preliminary summary note presenting some hypotheses following an initial desk review can provide a very valuable tool to focus team interaction and to guide interviews with Bank and government officials.

Philippines CAR – original guidelines for sectoral contributions

- *Diagnosis of the problems of the sector*

    - Sector background.

    - Bank's diagnosis (in CASs, sectoral strategy papers, and ESW including PAR).

    - Quality of diagnosis and ESW (compare with different views from government/donors, if any).

    - Participatory approach to ESW (if any, with government, academia and with NGOs).

    - *Bank strategy in this area (relevance)*

    - Statement of objectives in area.

    - How it fits with overall Bank strategy for country.

    - Consistent/right tools (amount and mix of resources) used to meet objectives.

- *Implementation (efficiency)*

    - Bank "actions" (loans, technical assistance, other).

    - What obstacles were experienced during implementation (if any).

    - How could implementation have been better.

    - Role of the resident mission (anything relevant to say about past, current or future).

    - Effective partnership with government.

    - Dissemination of Bank ESW, strategy, project information.

- *Co-ordination with other donors/NGOs*

    - Has there been effective co-ordination among donors.

    - Which areas would have benefited from better aid co-ordination.

- Effective participatory approach (with NGOs).

– *Outcome of Bank's assistance (efficacy)*

- Evaluation of whether strategic objectives were met.
- Who should get the credit (luck; Bank; government; other players such as IMF, AsDB, Japan?).

– *Overall sectoral evaluation (or at the subsectoral levels, if appropriate)*

- Short paragraph
- Table (please fill in)
- Highly Unsatisfactory Satisfactory
- Bank's role
- Borrower's role
- Outcome of Bank's assistance

– *Agenda for future action (should work in sector continue? If so how?)*

- Lessons for future assistance to the country and to other countries.

CHAPTER 10

COUNTRY PROGRAMME PLANNING AND COUNTRY PROGRAMME EVALUATION (CPE) WITHIN THE SWISS AGENCY FOR DEVELOPMENT AND CO-OPERATION (SDC)

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EXECUTIVE SUMMARY

The topics of this paper concern the principles and practices of the internal SDC system of Country programme (CP) evaluations and planning. The paper is based on SDC guidelines, internal SDC workshops, answers to questionnaires and internal documents as well as on discussions within the SDC Controlling Units. It also attempts to answer the questions formulated for the Country programme Evaluation (CPE) Seminar in Vienna, 1999. These questions have determined the structure of this paper.

First, co-operation concepts with partner countries were elaborated within SDC in the early eighties. In the nineties, a series of country programme reviews/evaluations were implemented. This led to the formulation of the SDC guidelines for country programme elaboration. The country programmes are internal SDC management instruments.

The operational line is responsible for all measures regarding planning, evaluation and monitoring (PEMT-cycle). This philosophy, together with the historical evolution of the SDC country programmes, results in the co-existence of different approaches, processes and choices of methodology. However, there are some common features in the SDC approach:

- Self-evaluation processes are seen as the most effective means to ensure learning and ownership.
- The linkage of self-evaluation and external evaluation intends to strike a balance between learning processes and accountability.
- And there is an ongoing transition from an internal elaboration towards a partnership approach.

The value added of the country programme planning/evaluation is seen in the elaboration process because of the teambuilding and integrating effects as well as the cross-fertilisation of sectors. The involvement of other donor agencies is welcome with regard to the elaboration of sector programmes, but has not been found appropriate during the early stages of the elaboration of country programmes. However, the exchange of information with other donors on the country programme is unquestioned.

A privileged position is granted to the Swiss Executing Agencies as partner organisations. They are generally well integrated in the process, since they have sometimes the operational responsibility for an entire specific sector in a given country or region. Local partners are involved to differing degrees.

Beneficiaries (understood as beneficiaries on project or sectoral level) have until now never been included directly in the process. If the concept of beneficiary is extended to the local, regional or central authorities and counterpart organisations of the civil society, then they were integrated in some cases.

The coherence of the country programme with the SDC strategic documents is safeguarded by the Divisional and Sectoral Strategies and by an early agreement of the Board of Directors on an outline of the

country programme. The SDC developmental philosophy is in harmony with the *Shaping the 21st Century Strategy* (S-21).

Introduction

The Swiss Agency for Development and Co-operation (SDC) introduced its first overall strategic guidelines in 1991 outlining five priorities for co-operation [29]. Swiss development aid is based on Development Law adopted by Parliament in 1976[30] and on Framework credits, which are passed for periods of 4 years by Parliament. Since the early 1980s, co-operation concepts with partner countries have been elaborated, and in the mid-1980s the first standardised country programmes were adopted (Bangladesh 1986, Tanzania 1986, Nepal 1986, and Honduras 1987).

In 1990, various country programme reviews or external evaluations were started in order to plan the new phases of country programmes (*e.g.* Bolivia 1991/92, Bangladesh 1993/94). The experience of these processes led in 1994 to the formulation of SDC guidelines (up-dated in 1996) which define the role of country programmes (CPs)[31]. The country programme represents a binding agreement between the SDC Directorate and the Geographical Division which outlines how the goals of the SDC strategic documents are implemented in a priority country in the mid- to long-term (5 to 7 years). As such, the country programme is the basis for the steering (controlling) on a strategic and operational level.

It is the most important link between the strategic conceptual level of SDC's support, where the developmental priorities are determined (including SDC's contribution to international agreements) and the operational level of the annual implementation as outlined in the Annual Programmes of the priority countries. The formulation of Annual Programmes allows for the reviewing and fine-tuning of the country programme and determines whether its orientation focus still takes into account the changing environment of the partner country.

Since the country programme has a pivotal importance, its elaboration procedures and responsibilities are clearly determined in the guidelines. This is not the case for the evaluation of CPs; they should be evaluated at regular intervals (4–5 years) in terms of relevance/significance, effectiveness, efficiency and the necessary adjustments[32]. The procedures are not stipulated. However, the SDC Controlling Units recommend the linkage of self-evaluation and external evaluation as a means of striking a balance between effective learning and accountability (see below).

29. The five priorities of the Swiss Development Co-operation outlined in the Guidelines (1991) are: 1) Promotion of state and economic independence. 2) Supporting the poor. 3) Overcoming environmental problems. 4) Improving conditions of production. And 5) Health care, education and training. In 1998, new Guidelines were formulated. The five above priorities are also the "Pole Star" for the Swiss co-operation activities.

30. This Law already included an evaluation clause.

31. However, since 1994, important changes have taken place in the implementation of the guidelines. For this reason, workshops were organised in October and November 1998 within the SDC to record the developments since 1994. The collection of information was strongly geared towardss the Division for Bilateral Co-operation, where the pioneering efforts took place. The SDC works in 21 countries in the South, but only 17 countries are considered priority countries and for this reason have also a standardised country programme. Meanwhile, in the other partner countries, development is guided by co-operation concepts. Twelve country programmes out of 17 existing within the Division for Bilateral Co-operation were studied. The Division for the Co-operation with the East was integrated within the SDC in 1994. For this reason, the formulation of fully-fledged CPs did not start before 1998. The two programmes which are the most advanced in the formulation of the country programme (Kirgistan, Romania) were integrated in the sample. Planned also are CPs for five other countries in the East, namely Albania, Bulgaria, Macedonia, Russia and the Ukraine.

32. In addition to the SDC-initiated country programme evaluations, periodic programme audits on behalf of the Swiss Parliament by the Federal Financial Control also exist, which indicate relevance, effectiveness and efficiency.

Purpose and functions of the country programme within SDC

The understanding of the purpose and functions of the country programmes is slowly changing. In the SDC guidelines (1996), the country programmes are considered internal SDC documents, which are given only to outsiders with a special interest. In the operational day-to-day work, the country programme served always as an information, communication, steering and co-ordination instrument at headquarters level, with executing agencies and local partners. While some SDC collaborators still use the country programme in the original administrative sense, it is increasingly believed to be a useful means for public relations and background information for consultants and journalists.

A debate is open as to whether the country programme should remain an internal management instrument (providing orientation for decision-making in constantly evolving situations) or should also be used as a marketing instrument to promote goodwill for development co-operation, for example with the Swiss Parliament and public opinion. This controversy should be solved with the introduction of a new Document Management System (DMS) within the Swiss administration.

SDC's practice of country programme evaluation and planning

SDC guidelines for country programmes and planning

The development activities of Switzerland are managed by a dual organisation system. On the one hand is the Swiss Agency for Development and Co-operation (SDC) which is integrated into the Federal Department of Foreign Affairs (FDFA). On the other is the Federal Office of Foreign Economic Affairs (FOFEA) which is integrated into the Federal Department of Public Economy (FDPE)[33]. The SDC guidelines are a mandatory framework for the long-term planning and execution of the bilateral programme in those partner countries which have established the responsibility for the formulation and implementation of the country programme with the responsible for the SDC geographical division concerned. The activities of the Division for Humanitarian Aid and Swiss Disaster Relief (HA/SDR) are included in the country programme. FOFEA is responsible for all matters of the country programme which come under its direction. The Swiss system of development aid has another dual feature: the country programme, which is managed jointly by the desk at SDC-HQ and the SDC co-ordination office in the partner country. Following the agreed decentralisation process within SDC, the co-ordination offices have an increasing responsibility in the management of the whole process of the country programme formulation, implementation and evaluation.

The country programme must contain the following information:

- Assessments of the context and trends.
- Overall goals and development strategy.
- Support concept/policy.
- Target sectors and cross-sectional priorities.
- Reference to the Country Assistance Strategy (CAS) of the World Bank, and strategic documents of other donor agencies (similarities/differences).

33. In other countries a Federal Department corresponds to a Ministry. For more information on the Swiss Development Aid, see OECD/DAC Development Co-operation Review Series, No. 20: Switzerland (1996), Paris, 1997.

- Geographical concentration within the respective country.
- Indication of financial volume.
- Choice of partners.

The process of preparation and clearance of the CP is determined as follows:

- The Geographical Division informs all potentially involved services, units and organisations about the preparation procedure.
- The Geographical Division presents an outline of the country programme (5 pages) to the Board of Directors at an early stage, including the following points: an assessment of the country programme in a medium-term perspective, learning from the past and new strategic orientations, implementation of SDC priorities/cross-sectional themes, basic policy questions such as donor co-ordination, risks and opportunities, etc. The Board of Directors decides on the direction of the further elaboration process.
- The Geographical Division or the Co-ordination Office prepares a draft (with contributions from any technical services involved, Division HA/SDR, FOFEA, executing agencies or contract organisations, consultants and experts, etc.).
- The draft is distributed to all involved parties and a consultation meeting is organised where the Political Affairs Division (FDFA) provides its foreign policy assessment.
- The document is cleared by the Geographical Division and submitted with the minutes of the consultation meeting to different committees and directorates outside SDC, and to other interested parties.
- The country programme is approved and signed by the SDC Director. Generally, FOFEA considers the country programme a reference document. In recent cases, the co-responsibility of a programme was assured by the co-signature of the Director of FOFEA (*e.g.* Bolivia).

Linkage between planning and evaluation

The planning process is determined in the SDC guidelines. However, the way to elaborate the final country programme document differs between the geographical divisions according to their organisational culture. The different processes of elaboration can be defined as follows:

- Elaboration by the co-ordinator/desk officer as a one-person-job (first “generation” of country programmes).
- Elaboration by the team of expatriates at the co-ordination office.
- Further incorporation of the National Programme Officers (NPOs) and eventually the project leaders.
- Incorporation of national opinion leaders and/or experts (view from outside).
- A process of linked participatory workshops.

These options for elaboration still coexist within SDC and are due to the historical development of the different CP s. While some countries have already elaborated their third country programme and can, therefore, count on a certain continuity, others have only recently started this process (see Appendix 10.1). Whether the issue of the country programme is continuity, reorientation or basic policy decision has an influence on the methodologies chosen and leads to processes which are adapted to the specific premises as well as to the context of the country programme. However, there is also an aspect of distinct approaches (inductive vs. deductive) existing in different geographical divisions, which influence the choice of methodology (see 4 below).

All geographical divisions agree that the evaluation of the former country programme is a necessary step in the planning of the next one. In most cases, a tendency towards self-evaluation workshops can be noticed. This approach is particularly strong in the West Africa Division where an involvement of the partners in the evaluation as well as in the planning processes is a common practice. The most evolved approaches in terms of linking participatory processes between headquarters, co-ordination offices and local partners can be found in the Asia I Division (Bangladesh, Pakistan, India). The distinctive feature of the country programme Bangladesh (1995-2002) is the linkage between self-evaluation, external evaluation and different workshops (including a "vision" workshop and planning workshops) [34]. The pattern of linkage of evaluation and planning workshops is now common practice within SDC. Evaluation and planning can even merge together in the same exercise. In these cases, the first part of the workshop is dedicated to the (self-) evaluation, and the second to its planning. In the overall picture, a strong tendency towards participation is found in SDC and there is an ongoing transition from an internal elaboration towards a partnership approach.

Process and methodology for country programme evaluation and planning

The SDC Controlling Units stress the responsibility of the operational line for all planning, monitoring and evaluation measures (PEMT-cycle). For this reason, a high degree of self-determination to induce external or self-evaluation can be observed. According to this lived self-determination by the operational lines, four different types of country programme evaluation[35] currently used within SDC can be identified:

- Pure self-evaluation.
- Self-evaluation accompanied by a consultant/staff from the Controlling Units.
- External evaluation (looking at the whole or, alternatively, only specific aspects or sectors).
- The combination of self-evaluation and external evaluation (*e.g.* Bangladesh, Tanzania, Nepal).

[34] The process of its elaboration was presented at the CPE Seminar 1994 in Vienna (see Appendix 10.2). In 1998, it served as a model for the elaboration of the country programme Tanzania, which was the case study for the CPE Seminar 1999 (see chapter 9 in this volume).

[35] In the PEMT philosophy, two types of evaluation are distinguished: self-evaluation and external evaluation. These have distinct procedures and aims. *Self-evaluation* is a responsibility of the specific team involved in a common task, project or programme, implies an internal look of the team, and is process-oriented. Self-evaluations should be conducted at regular intervals, *e.g.* every 6 months. For these characteristics, the ownership, process, reports and results are with the team. *External evaluation* is contracted out, has a limited duration, implies a look from outside and is mainly oriented on effectiveness, impact and relevance/sustainability. The responsibilities for the terms of reference, the process and the report are external. At SDC, there is not a methodologically clear distinction mode between an external evaluation and a review of a country programme. Rather, a review focuses on some specific aspects, is shorter, and is integrated in the ongoing process of a project/programme (*e.g.* mid-term review), whereas an external evaluation looks more into impact and relevance.

The goals of the process influence whether the preference is given to self-evaluation or to external evaluation (*i.e.* whether a self-assessment or an external view is sought). The SDC has developed recommendations on procedures and methodologies for self-evaluations as well as for external evaluations. The first main recommendation is intended to link both types of evaluation. The second refers to the introduction of self-evaluation processes in projects, programmes and the SDC administration. Even if in the PEMT philosophy, external evaluations are considered as a good field for learning and prospect development, they are usually seen as more appropriate for accountability purposes. The linkage of both evaluation types is seen as the most effective means to ensure learning, and intends to strike a balance between learning and accountability.

The participants of the internal SDC workshops judged external evaluation as preferable and necessary when a change of direction of the programme is intended, or a programme has just been opened. Preference should be given to self-evaluation assuming the continuity of the programme and its commitment. Some participants felt that the recommendations of external evaluations were taken less into account in the country programmes than the results of the self-evaluation processes. Three reasons were given:

- The external evaluations did not acquire a sufficiently deep understanding of the programme, got stuck on detail, and/or the recommendations were too general.
- The ownership by the persons concerned was missing.
- And the policy framework for country programme was already determined.

In general, short self-evaluation processes accompanied by external facilitators were considered as most efficient and effective. The recommendations of self-evaluations were thought to be optimal inputs in planning exercises with a high degree of SDC ownership. A proposal for a possible linkage of self-evaluation processes with external evaluations was to evaluate first externally the different sectors of a country programme and then to use these evaluations as inputs for a self-evaluation workshop.

In general, it is the co-ordination office which leads the evaluations. Only the final stages of the process may be more strongly determined by headquarters. It is different for the programmes in Eastern Europe where the desk officers are closely involved due to the recent opening of co-ordination offices in the Eastern European partner countries. In Madagascar, where a phasing-out was decided, there was a division of labour: the evaluation of parts of the programme was under the responsibility of the co-ordination office, while the foundations for the decision were outlined in a paper elaborated in co-operation with headquarters. The distribution of the roles is not only related to the kind of decisions to be taken, but is also a flexible arrangement considering the different degrees of operational/conceptual experience found at the two ends of the country programme (Desk Officer – Co-ordination Office). Depending on the Geographical Division, the processes take place in an inductive or deductive manner.[36]

The following tendencies can be observed in SDC:

- The West Africa Division is a good example of a creative bottom-up approach for needs assessment, formulation of demands by the partners, and their integration into the country programme .[37]

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36 *Inductive (bottom-up):* the programme is determined in a flow from project over the sector programme to the country programme to the Division guidelines. *Deductive (top-down):* the programme is determined in a flow from SDC/FOFEA over the Division guidelines to the country programme to the sectors and projects.

37 The West Africa Division is in the process of developing an approach in two stages: first, in the partner countries and, secondly, at SDC's headquarters. The process within the partner country is done with a strong emphasis on the

- On the other side of the spectrum, the Latin America Division goes in the direction of a highly structured deductive approach since it has developed a whole system of inter-linked management instruments.[38]

- The two Asia Divisions as well as the East Africa Division can be characterised between these two accentuated approaches. The Asia I Division was actually the pioneer in the standardisation of the country programme process. Now it works on simplifying the processes and introducing a strongly value-oriented approach.

The participants of the internal SDC workshops thought that the efforts required for the establishment of a country programme were disproportionately high. The duration of the elaboration of a CP could last from 3 months to 2-3 years. Much of the time was taken by the long consultation procedures at headquarters. It was considered useful to invite decision-makers from headquarters to the planning workshops in order to speed up the later consultation process. The time needed for the finalisation of the document was, in all cases, underestimated. It was often thought that too much emphasis was given to the presentation of the document.

Nevertheless, the value added is seen in the elaboration process of the country programme, since:

- It supports team-building efforts within the co-ordination offices.

- It has a good integrating effect on the National Programme Officers (NPOs) and, where applicable, on the project leaders.

- It helps to reach agreement on goals as well as on common values (corporate identity).

- It increases cross-sectoral fertilisation.

- And, finally, it improves the SDC's ownership of the country programme.

Where partners’ inputs were included, they were considered to be beneficial. In general, the learning process is considered as more important than the final document and this, again, leads to the tendency to give preference to self-evaluation processes.

Consultants and/or facilitators played different roles in all the processes. It was recommended to maintain continuity in the advisory team in both the evaluation and planning stages, and to employ a ghost-writer, who, while following the process, would also act as a feedback partner (to “mirror the process”).

Participation of other donor agencies, the partner government, the civil society and beneficiaries

With regard to sector programmes, the involvement of other donor agencies is, but was not found to be, appropriate in the early stages of the country programme. Once the general direction of the CP is defined, consultation with other donors is seen as beneficial, mainly with the idea of creating synergies, and assessing jointly the development context. In this respect, the alliance with like-minded donors, or

empowerment of the partners and with the intention of putting partners effectively in the "driving seat". In this case, SDC takes a facilitating and supporting role. The SDC operational line sees itself within SDC headquarters as a mediator advocating the needs, the socio-cultural values, and the rhythm of the partners.

38 The Latin America Division has established a Strategic Controlling System (1995-2005), and Division guidelines (1995-2005). The latter take into consideration the SDC strategic documents. These two instruments give the overall frame for the country programmes (Bolivia, Central America, Ecuador, Peru).

exchange within donor co-ordination groups, is sought for. This is seen as a continuous and necessary co-ordination process. Depending on the relations established, selected donors may be invited to participate in self-evaluation workshops (*e.g.* Peru). It was considered useful to make reciprocal portfolio analyses with the World Bank (*e.g.* planned in Nepal, but not executed because of timing problems), and with other bilateral donor agencies, or to participate actively in the CAR of the World Bank (*e.g.* Bolivia).

Different practices can be found concerning the involvement of partner governments. These vary from non-involvement (*e.g.* Romania) to simple information (*e.g.* Pakistan, Nepal) and regular consultation meetings (*e.g.* Bolivia, Peru, Central America) to consultation/involvement in the different crucial stages of the country programme elaboration (*e.g.* Kirgistan).

A privileged position is granted to the Swiss executing agencies as partner organisations. They are generally well integrated into the process since at times they have the operational responsibility for an entire specific sector in a given country or region. However, sometimes their interests are felt as too influential (problem of acquisition). Local partners are involved to differing degrees. Generally, they participate in the workshops. The most outstanding example of involvement can be found in Burkina Faso and Benin where the partner organisations from all the sectors were invited to formulate their programme and the expected SDC contribution. These inputs are considered in the formulation of the country programme.

Beneficiaries (understood as beneficiaries at project or sectoral level) have never been included directly in the process since the country programme is at a strategic level and is used as a steering document. Nevertheless, the information of the ultimate beneficiaries at grassroots level enters the CP through the inputs by the project leaders (*e.g.* Peru), the partner institutions (*e.g.* Burkina Faso, Benin), or through inputs of sectoral papers prepared by SDC staff at programme level (*e.g.* Central America). If the concept of beneficiary is extended to the local, regional or central authorities and counterpart organisations of the civil society, then these were integrated in some cases (see chapter 4).

Linkage with strategic documents (S-21)

SDC's development philosophy and its strategic documents are in line with the S-21. However, differences between the SDC strategic documents and the S-21 can be noted. The S-21 lists goals with quantifiable indicators, while the SDC strategic documents have a more conceptual approach. SDC strategic documents are consulted for the elaboration of the country programme. Coherence is also safeguarded by the Divisional strategies (*e.g.* Latin America, Asia I, Asia II) and the Sectoral strategies. In more recent CPs, the link to the S-21 is also established (*e.g.* Tanzania). In summary, the country programme is an agreement between the Geographical Division and the Board of Directors on the implementation of certain SDC principles, cross-sectional themes and strategic thrusts in the specific partner country, which take into consideration international dialogue on development aid and its principles.

APPENDIX 10.1
DATA COLLECTION ON SDC COUNTRY PROGRAMME EVALUATION AND PLANNING CRITERIA FOR SELECTION OF COUNTRY PROGRAMMES

In principle: two countries from each region.

Regional programmes.

Special features, *e.g.* phasing-out, emergency situation, ongoing process, etc.

SECTION	COUNTRY	DESCRIPTION	Data from:
Asia I	Bangladesh	– 1st CP adopted (1986) – 4th CP, mid-term review	– Questionnaire Workshop 18.11.1998
	Pakistan	– 2nd CP – Emergency situation (Reassessment of whole programme)	– Questionnaire – Workshop 18.11.1998
	India	– Reassessment of whole programme	– Questionnaire – Workshop 18.11.1998
Asia II	Nepal	– 3rd CP (1st CP 1986) – "courant normal"	– Questionnaire – Workshop 15.10.1998
	Vietnam	– Regional programme – Revision 2000	– Questionnaire
Africa, West	Benin	– 1st CP, review of co-operation concept – Creative bottom-up approach	– Questionnaire – Workshop 15.10.1998
	Burkina Faso	– Formulation process ongoing for 3rd CP – Creative think-tank	– Questionnaire – Workshop 18.11.1998
Africa, East	Madagascar	– 1st CP, phasing-out	– Questionnaire
	Tanzania	– 3rd CP, just completed (1st CP 1986) – Case study for DAC seminar	– Questionnaire – Workshop 15.10.1998
Latin America	Bolivia	– 3rd CP, just completed – "courant normal" – EE for 1986-91	– Questionnaire – Workshop 15.10.1998
	Peru	– 3rd CP, "courant normal"	– Questionnaire – Workshop 15.10.1998
	Reg. programme Central America	– Regional programme – 2nd Regional programme, in final stage	– Questionnaire
East/Central Europe	Kirgistan	– 1st CP, new, in final stage	– Questionnaire
	Romania	– 1st CP, new, in final stage	– Questionnaire – Workshop 15.10.1998

APPENDIX 10.2
COUNTRY PROGRAMME BANGLADESH

Design: TWO FEEDER STREAMS

The review of the country programme was fed by two “streams” of inspiration, like the rivers Ganges and Jamuna which, first separately, then jointly, shape the landscape and economic life of western Bangladesh. The first “stream” was backward-looking, the second future-oriented.

The look into the past (“Ganges”) consisted in a participatory self-evaluation of SDC’s activities in Bangladesh (sectors, projects, partners). The revised programme is indeed primarily built on SDC’s practical experience, recognised strengths and existing capacities, rather than on theoretical assumptions of what should be done. Hence, the self-evaluation, mainly undertaken by the Co-ordination Office programme staff, was the principal “feeder stream” of the pountry programme review.

The outlook into the future (“Jamuna”) focused on an attempt to ascertain how the “Bangladesh of the next generation” (horizon 2010) will look like, by projecting possible trends and alternative development scenarios. The “vision input” aimed at better understanding the socio-economic and political context in which the programme activities are embedded, and at counter-balancing possible “naval inspection” effects of the self-centred country programme evaluation. Worked out in collaboration with outstanding, think-provoking Bangladeshi scientists and development practitioners, it opened up new perspectives, preventing an over-pragmatic target-setting and selection of sectors of activities.

Methodology

The review process rested on four foundations and principles: Workshops and conferences as the principal “production centres” for the new programme, SDC’s regulations as orientation guidelines, and a transparent design and documentation of the different steps[39].

Workshops

Three workshops of 1 to 4 days and one retreat were held between May 1993 and May 1994. These workshops formed the nodal points of the review. They enabled the collection and exchange of a multitude of experiences, perceptions and opinions, expressed in a free, uncensored atmosphere. The outcome of these workshops relayed by, and carried forward through, phases of individual documentation work, reflection and informal discussions among core participants, was decisive in restructuring the country programme.

The *opening workshop*, held on 9-12 May 1993, was attended by 30 participants, mainly Co-ordination Office staff and local partners. Facilitated by a representative of the Evaluation Service, it aimed at getting key people actively involved. It focused on the open or hidden rationale behind SDC’s development activities in Bangladesh (perception of frame conditions, potentials and limitations; how SDC is viewed by others; what values, norms and convictions guide SDC and its partners).

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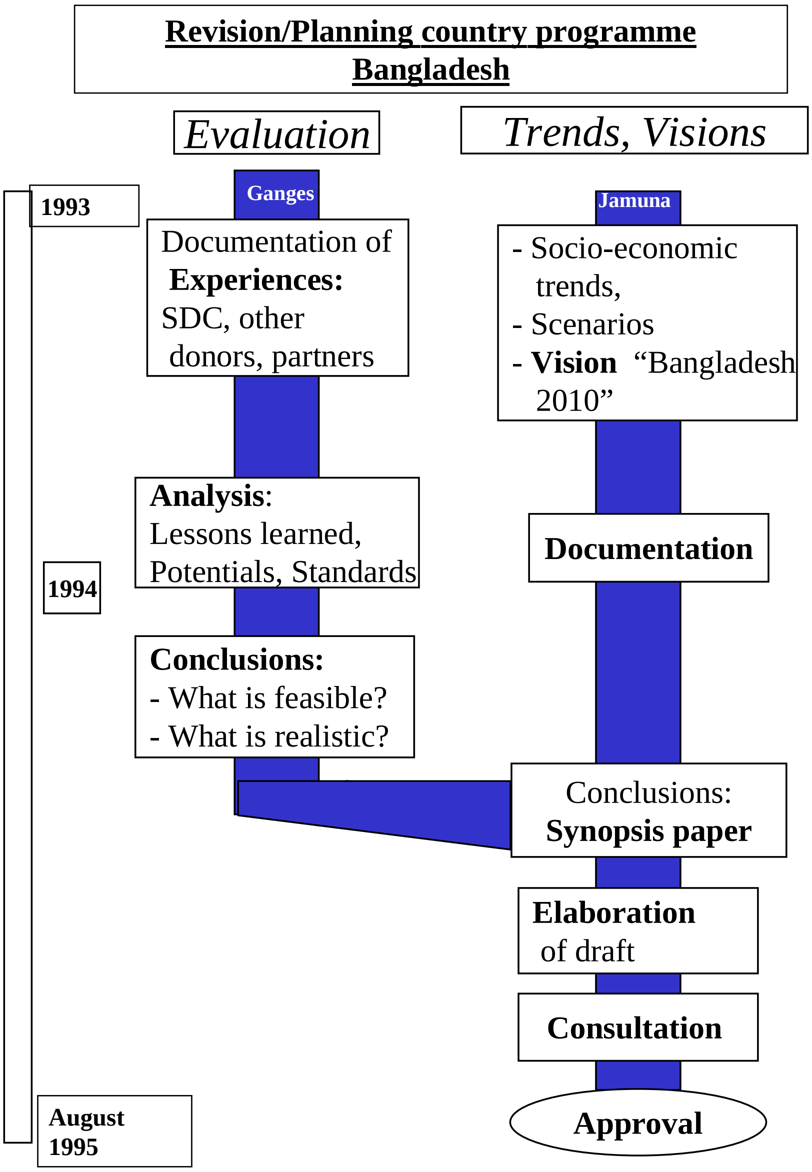
[39] The process was accompanied by a co-ordination group comprising the desk officer for Bangladesh (Section Asi I), a representative of the Evaluation Section and the Co-ordinator, charged with acting as a driving force and relaying between Dhaka and Bern as well as within headquarters.

The workshop suggested that redefining role and composition of the Co-ordination Office – based on an analysis of actual functions (what are we really doing?) and functioning (decision-making, communication/information, management instruments) – should be one of the next steps. These topics were dealt with at a one-day *programme officers retreat* on 14 October 1993, at which programme staff of the Co-ordination Office participated.



Source: Authors

A *self-evaluation workshop* was organised on 14-16 November. This workshop, attended by the programme staff of the Co-ordination Office and the desk officer for Bangladesh at headquarters, pursued the purpose of evaluating the main project activities of SDC in Bangladesh on the basis of predefined and agreed criteria, proposing improvements, and drafting a first dynamic plan of priority sectors (phasing in and out, increase and decrease of focus), and vectors of activity for the coming 5-10 years. The question of clarification of responsibilities between the Co-ordination Office and headquarters, and how these responsibilities are perceived and assumed individually, was also taken up.

Finally, on 18 May 1994, an *information feedback workshop* took place to inform the project partners about the progress of the review and provide them with the draft outline of the future co-operation concept. The partners were invited to give feedback on the rationale of the new programme and reflect on some crucial aspects. The workshop was attended by 35 participants (partners, resource persons, and Co-ordination Office staff), including SDC's deputy director in charge of bilateral co-operation and the Chargé d'Affaires a.i. of Switzerland in Bangladesh.

Conferences

The elaboration of a vision benefited a lot from four lectures and talks given by think-provoking, visionary Bangladeshi to a selected audience drawn from the Co-ordination Office, the Embassy and project partners. The conference, by Dr. Hossain Zillur Rahman, a young researcher of BIDS, focused on poverty in Bangladesh. The renowned economist, Prof. Rehman Sobhan, was invited to talk about aid dependency and self-determined development. Prof. Mosharraf Hossain, another important economist, explained his own medium-term development strategy centred around the dynamic forces of the domestic economy (small farmers, entrepreneurs of the informal sector). Dr. Kazi Faruque Ahmed, Executive Director of one of the largest NGOs, Proshika MUK, presented his vision on the potential role and limitations of NGOs in the development of Bangladesh.

SDC regulations and guidelines

The main reference document used for guidance was the "Leitbild" (strategic guidelines). It provided the criteria for the self-evaluation of the project activities and helped in selecting the priority vectors and sectors of the programme. Other important reference documents are SDC's regulations (Weisung) on country programming and the draft of the medium-term programme of Section Asia I.

Documentation

To make the process transparent, the different steps were carefully documented. The design of the review was shown in a concept paper-Methods and results of the workshops were presented in short reports. Finally, a draft synopsis of the new concept was worked out and submitted to Section Asia I for comments and approval.

Experiences

The participatory, field-oriented approach gradually unveiled unexpected advantages. It produced positive side-effects with respect to communication and publicity, development of a sense of ownership, collective learning, etc., the impact of which should not be underestimated. In addition, it encouraged and enabled taking immediate measures regarding unsatisfactory projects. Several of them were terminated during the review period, others started a process of reorientation or phasing-out. Progressively confronted with time and motivation constraints, participants were forced to come down from fantasy to reality and to up-value the workshops as an instrument good enough to produce single-handedly most of the inputs needed for the reformation of the concept. Thus, the initially ambitious, complex and time-consuming review gradually became simple and inexpensive.

The endeavour had also its disappointments, especially in the “vision” part. The plan to commission a documentary study on socio-economic development trends and scenarios of Bangladesh was abandoned because the investment finally looked disproportionate compared to the expected practical results. The idea instead to ask a selection of Bangladeshi personalities to write down their own “realistically optimistic” assessment of the future of Bangladesh failed to yield results because the persons approached did not come forward with their vision. This negative experience might reveal something important about the local culture. Where tradition, habits and the pressing needs of the immediate future shape the collective pattern of behaviour, the mental inclination to try to anticipate the future through the self-selected parameters of a personal vision is perhaps simply not very widespread. Finally, the authors of the review came to realise how little they know about the “social factory” of the host country, especially how its institutions are functioning, and what are the sources of motivations and energy of the people.

CHAPTER 11

REAL PROGRESS: FIFTY YEARS OF USAID IN COSTA RICA

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Introduction

Over the past 50 years, the U.S. Government provided Costa Rica with USD 2 billion in economic aid. Did it make a difference? Certainly, Costa Rican conditions have improved: ordinary citizens live longer, healthier lives; are better educated; have far higher incomes; and live in a vibrantly democratic society. A highway built largely with U.S. government funds now links the formerly isolated central part of Costa Rica to both its coasts and to neighbouring countries Nicaragua and Panama. But the changes that took place in Costa Rica were the results of actions by millions of Costa Rican citizens working in their own interests, by successive Costa Rican governments, by the opportunities provided by the international economy, and by actions of a variety of multilateral and foreign government assistance programmes. The U.S. Government's foreign assistance programmes were the largest single outside factor, but this influence cannot be separated from the others.

The U.S. Government's programmes, which comprise as many as one thousand separate activities, carried out by a combination of American and Costa Rican implementers, are analysed individually in order to preclude evaluation of impact. This chapter attempts to assess impact by looking at the main emphases of U.S. assistance and their relation to Costa Rican development.

This study was managed by the Center for Development Information and Evaluation (CDIE), an arm of USAID, drawing on a series of sector studies carried out by Costa Rican researchers. These Costa Rican sector specialists studied USAID's involvement in each of ten sectors: agriculture, democracy, education, health, family planning, finance, infrastructure, macro-economic policy, natural resources, and trade policy. Three cross-cutting studies (a comparison of economic and social conditions in two rural communities in 1950 and 1995, an analysis of USAID's involvement with three private voluntary organisations, and a study of the effects of non-traditional export growth) were also carried out. The researchers used available documentation on USAID programmes[40] and Costa Rican development from 1945 through 1995. The records were incomplete for the early part of the period, however, and evaluations or project completion reports were often unavailable, even for recent periods. The researchers were also provided with summaries of interviews with about 100 Costa Ricans knowledgeable about specific USAID programmes, and 25 Americans who had worked for the Agency in Costa Rica. The draft sector studies were then reviewed at workshops in Costa Rica and Washington. The sector studies, listed in the Appendix, provide the necessary background and analysis for many of the conclusions in this report.

It is impossible to adequately characterise the impact of an enterprise with so many diverse elements. Rather, the result of assistance was more a mosaic that emerged from the independent decisions of large numbers of people spread over decades. Some broad generalisations emerge from looking at this mosaic:

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40. This paper uses "USAID" as shorthand for all U.S. Government economic assistance programmes to Costa Rica. USAID was established only in 1961, and earlier programmes operated under different names. The largest single project, the Inter-American Highway, was administered by a U.S. domestic agency, the Bureau of Public Roads.

- Assistance programmes were collaborative and well intentioned, and most achieved their intended purpose. Costa Rican economic and social progress was faster as a result of these efforts.

- For the most part, USAID steered in the correct direction. The policies and orientations that were pursued were generally better than those already existing.

- The most successful activities included the Inter-American Highway, which provided the backbone for Costa Rican transportation; collaborative rural health programmes, which produced spectacular successes and were adopted elsewhere; and the macro-economic reform programme of the 1980s.

- In retrospect, two large mistakes are evident: encouraging Costa Rica to participate in the Central American Common Market, with its strong trade barriers with other countries; and trying to enlarge governmental social programmes in the late 1970s, when an economic crisis loomed.

- In these and other cases, USAID approaches improved over time. Lessons from past failures, in Costa Rica and elsewhere, were gradually incorporated into new projects.

- Overall, U.S. economic assistance to Costa Rica met both the developmental and the foreign policy goals it was intended to serve.

Why foreign aid to Costa Rica?

Official foreign aid is a post–World War II phenomenon. Before that, though the U.S. Government sometimes provided temporary relief in response to both natural and man-made catastrophes, during most of U.S. history, annual government appropriations for "charity" to other countries had been a foreign idea. Yet between 1945 and 1995, the United States provided USD 2 billion in economic aid to Costa Rica on average, about USD 20 per year or USD 1 000 for each Costa Rican. The average American citizen paid USD 40 dollars (80 cents a year) in taxes to provide for Costa Ricans, who were among the most favoured recipients of U.S. foreign aid during the period. Only the citizens of Israel, Vietnam, Egypt, and Jamaica received more per capita. What was there about the United States and about Costa Rica that would persuade ten successive American presidents to take money from U.S. citizens to give to Costa Ricans?

Two basic arguments have traditionally been used to support U.S. foreign aid: American self-interest and American altruism. So stated, these two lines of argument are mutually exclusive. If a course of action is justified by real benefit to the United States, it is not, by definition, altruistic. An altruistic reason is one from which no benefit can be expected other than the satisfaction of having done "the right thing". Aid proponents in the United States have sought to marry these two purposes, asserting that U.S. national security interests are best served by economic aid programmes that benefit poor people in developing countries.[41]

For most of the period since 1945, U.S. foreign policy has been based on the belief that the United States was locked in a global struggle with international communism, a powerful force antithetical to U.S. purposes and interests. Until the collapse of the Soviet Union in the early 1990s, U.S. foreign policy maintained a consistent world view-one articulated by George Kennan in the famous "X" article in *Foreign*

41. Despite this national security rationale for USAID's presence in Costa Rica, Costa Ricans interviewed were virtually unanimous in believing that the American USAID employees were there for altruistic reasons.

Affairs in 1947. Even though Kennan later repudiated some aspects of the policy, ten presidents consistently followed it. U.S. foreign policy interests believed national security depended on “winning” this struggle, and foreign aid was seen as one element of the programme to ensure that outcome.

An unadorned national security rationale would give no emphasis to the recipient country’s use of the foreign aid. U.S. foreign policy, however, saw the struggle with the USSR also in moral terms. Buying the support of corrupt dictators was both suspect and unlikely to be a successful long-term policy. Unless the United States were to use its foreign policy to promote economic development, communism would become more attractive as a force for modernisation. Thus, the sophisticated security rationale linked the U.S. goal of national security with economic and social progress in the aid-receiving country. The United States would do well by doing good.

Why Costa Rica?

Costa Rica was a highly favoured recipient of U.S. assistance. On a per capita basis, Costa Rica received eight times as much as Latin American countries generally from 1945 to 1993, and far more than Asian or African nations. On a world-wide per capita basis, Costa Rica was fifth among U.S. aid recipients. Why?

Pre–1972: A typical developing country

1. Prior to 1972, U.S. assistance to Costa Rica was about equal to that of other Central American countries, and moderately higher on a per capita basis than U.S. assistance to the larger Latin American countries. Latin America received more aid than other regions because the United States considered it “America’s backyard”. On the one hand, Costa Rica’s longstanding commitment to mass education and democracy, and the relatively high quality of government institutions, favoured aid to Costa Rica. On the other hand, its relatively high level of development made it a questionable claimant, and that trait led USAID in 1970 to plan to phase out assistance to Costa Rica.

Basic needs (1972–80): Costa Rica as residual claimant

The proposed phase-out of aid to Costa Rica brought declines in Mission staffing and programme levels, but a firm decision to actually terminate the programme was continually deferred. A shift in the overall USAID approach to “basic human needs”-emphasising help to the poorest in poorest countries should have accelerated the close of the Mission. Aid levels were reduced, but less so than might have been expected. Programmes in Latin America were cut, while those in Asia and Africa were increased. Though planned levels for Costa Rica were low, it consistently received more aid than was envisaged. When proposed projects failed to materialise in other countries for technical or for political reasons (such as a *coup d’état*), Costa Rica was always considered a safe place to put extra resources at the end of the fiscal year and, thus, was a “residual claimant” for available resources in Latin America. Costa Rican institutions could develop and manage projects well and ensure that they would benefit the poor.

The 1980s: the Sandinista windfall

Costa Rica’s fortunes as a claimant for U.S. economic aid improved dramatically during 1982–92. Measured in 1994 dollars, it received more than USD 1.4 billion during this decade, compared to USD 0.8 billion in the previous 35 years. The debt crisis of the early 1980s hit Costa Rica hard, but no harder than it struck the rest of the developing world. The special justification for assistance to Central America was the leftist Sandinista Government in Nicaragua. The Reagan administration, which took office in 1981, adopted a foreign policy stance towards Nicaragua of isolation and hostility. The administration feared Sandinista support for guerrilla groups elsewhere in Central America, a view given credence when the outgoing Carter administration cut off U.S. aid to Nicaragua because of mounting evidence of Sandinista support for Salvadoran insurgents. The United States gave great importance to the boast attributed to one of the Nicaraguan *comandantes* that Central American countries would fall like ripened fruit to revolution, with Costa Rica coming last, as dessert.

The Reagan administration sought additional aid for Central America and in 1983 established a bipartisan commission chaired by former Secretary of State Henry Kissinger to recommend a longer-term programme. The Kissinger Commission proposed a five-year programme of USD 1.2 billion in annual economic aid to the region, along with substantial military aid. Congress appropriated about USD 1 billion annually for the rest of the decade.

In the early years of the Kissinger programme, USAID, the administration, and Congress generally agreed on allocation of aid to the Central American countries. By the late 1980s, however, discrepancies appeared. By 1987, USAID proposed lower funding levels to Costa Rica, for two reasons: the progress being made, and the concern that continued high levels would create permanent dependence. Congress feared such cuts would signal dissatisfaction with the Central American peace efforts of the then-president Oscar Arias, and it specified continued high levels of funding for Costa Rica. By 1991, however, the Sandinistas had been voted out of power in Nicaragua, economic recovery was well under way in the rest of the region, and U.S. aid to Central America began to decline sharply. In 1994, USAID declared Costa Rica an aid "graduate" and established a timetable for phase-out of programmes there by 1996. USAID offices closed in September 1996, though some modest activity has since continued through USAID's Central American regional programmes.

How much aid was provided?

The U.S. Government provided slightly more than USD 1.7 billion in direct bilateral aid to Costa Rica during 1946–95. Measured in constant 1994 dollars, the total amounts to USD 2.9 billion. Additional U.S. aid flowed to Costa Rica through other channels. Perhaps USD 150 million came from USAID's Regional Office for Central America and Panama, and another USD 100 million or so came from activities funded by USAID/Washington. Finally, U.S. government contributions to multilateral organisations that carried out programmes in Costa Rica included USD 903 million in loans from the World Bank, USD 1.72 billion in loans from the Inter-American Development Bank (IDB), and USD 27 million in grants from United Nations programmes. All these multilateral agencies depend on U.S. government support, ranging from 20–25% for World Bank and UN programmes to half for IDB loans through its Fund for Special Operations. Nevertheless, most of the funding from the multilateral banks is not foreign aid in the usual sense. The banks obtain most of their resources by using guarantees from member countries to raise funds in capital markets to be re-lent at commercial interest rates.

Altogether, then, bilateral U.S. aid to Costa Rica aggregates to about USD 2 billion in congressionally appropriated dollars, or about USD 3 billion in constant 1994 dollars — nearly USD 1 000 for each Costa Rican citizen alive in 1994. U.S. economic assistance funded a thousand or so remarkably diverse activities, ranging from small technical assistance projects — that, for example, provided experts on such mundane subjects as sharpening sawmill blades or constructing water systems — to massive macro-economic policy efforts. Perhaps 300 USAID employees had tours in Costa Rica, and the Agency brought thousands of U.S. consultants for short- and long-term work in the country. More than 5 000 Costa Ricans were sent abroad (usually to the United States) for training, and far larger numbers were trained in Costa Rica in courses financed or designed by USAID.

Costa Rican development 1945-95

Costa Rica before 1945

In 1719, the Governor of Costa Rica wrote to the King of Spain: "One hundred and eighty years after the first Spanish settlement, Costa Rica's central plateau was home to about 3 000 Spanish settlers, for whom land was plentiful. Costa Rican settlers differed from those elsewhere in Central America in that there was no significant indigenous population that could be subjugated and forced to do the physical labour necessary to support the settlements. The governor's letter continued, "Each inhabitant has to plant and raise that which he spends and consumes in his home every year, and this is also done by the Governor, since otherwise he would perish".

A century later, newly independent Costa Rica was still the poorest and most isolated Central American State. The first coffee exports around 1830 signalled the beginning of a new era. Even with the country's isolation and consequent high transport costs, coffee could be exported profitably. Exports put silver coins in some pockets, introducing greater differences in wealth than in the pre-coffee days when there was an "equal distribution of poverty" (Rottenberg, 1993). Later, building railroads from the central valley to the coasts reduced the country's isolation. The search for products to transport on the railroad led to development of the second major export crop, bananas.

Support for mass education in Costa Rica dates to the latter part of the 19th century. Illiteracy was estimated at 89% in 1864 (Dirección General de Estadística y Censos, 1953). Soon after, the government made education a national priority, making primary education free and compulsory. Illiteracy gradually declined: to 69% by 1892, 32% by 1927, and to 21% by 1950.

At the end of World War II, Costa Rica was still a relatively poor agricultural country. Isolation still limited prospects for economic growth. There were no all-weather roads to link the central valley, where most of the population was concentrated either at the coast or at the border with Panama and Nicaragua. Coffee and bananas continued to account for nearly all export earnings. Economic growth was circumscribed. Available data suggest that per capita incomes stagnated between 1920 and 1945 (Bulmer–Thomas, 1987).

By Central American standards, though, Costa Rica was prosperous. Its yeoman farmers had long since surpassed their Central American neighbours in productivity, so its per capita income exceeded the other Central American republics by 15 to 40%. In spite of being small, as it had been throughout the 19th century, the Government effectively maintained public order, provided a stable legal system, and financed education. Its emphasis on education also distinguished Costa Rica from its Central American neighbours.

Costa Rica in 1945–50

The Government's role began to broaden in the early 1940s with the establishment of a social security institute to provide health care and retirement benefits for covered workers. It accelerated in the late 1940s, when a brief civil war was followed by the first Figueres administration. José Figueres Ferrer, the leader of the insurgents during the civil war, has cast his shadow over economic and social policy ever since. Figueres nationalised the banking system, promoted the concept of government-owned enterprises for public services (the first was an electricity company), and abolished the small (and institutionally insignificant) army. From this point, the Government assumed a steadily larger place in society as guardian of the welfare state; its share of total employment rose steadily for three decades.

In 1950, more than half the labour force worked on farms, and 41% of total production originated in agriculture. More than half of agricultural production was exported, with coffee and bananas constituting more than 90% of exports. Manufacturing existed, but mostly by small firms engaged in food-processing, and clothing and shoe production.

One-third of the population lived in urban areas, while the other two-thirds lived in rural areas with varying degrees of remoteness. While virtually all urban dwellers benefited from piped water, nearby schools, health care services, mass transit, and other amenities, rural residents largely did not. The gap in health and educational standards was wide. Rural infant mortality was probably several times the urban rate. More than half of urban 14-year-olds went to school, but only 17% of rural children of the same age did so.

On average, Costa Ricans were poor and unhealthy. Life expectancy was 46 years, equal to that in the United States in 1890. Infant mortality had been improving for decades but still was 110‰ live births: more than 1 baby in 10 died during the first year after birth. Fertility was high — about seven children per woman.

By Central American standards, Costa Ricans were well educated. The 1950 census puts literacy at 79% of the adult population. Primary education, virtually universal in urban areas, had gradually been extended to more remote areas. Of those born during 1940–44, only 9% completely missed out on formal schooling.[42] Some 33% had some primary schooling, while 58% completed primary school. About 22% of this cohort completed secondary education, and 15% had some university training. There were only 17 public high schools in the country, all in the main urban centres, so secondary education was much more common for urban children. Higher education was a recent phenomenon in Costa Rica. The University of Costa Rica was established in 1941, though teacher colleges and some schools of the university had existed earlier as independent units.

Besides the broad geographic coverage of Costa Rican education, the other notable feature of the education system was its equality of access and educational attainment for women. In 1950, attendance rates were slightly higher for females than for males through high school. Women also outnumbered men at university level (in contrast to the situation at that time in most of Latin America), because of large numbers of women training to be teachers. The high level of women's education probably contributed significantly to the rapid improvement in health conditions, once modern approaches were disseminated, and to the rapid spread in contraceptive use for family planning in the 1960s.

Development, 1945–95

Since 1945, Costa Rican production has increased steadily. The country suffered a severe recession in 1980–82 but otherwise has had almost uninterrupted growth of gross domestic product (GDP). Total production increased ninefold in 45 years. Some of the growth came from increased employment, but much of it came from better productivity. Output per worker more than doubled. Productivity increased across all sectors of the economy, linked presumably to the increased use of scientific knowledge, expansion of infrastructure, and improved organisational techniques — all areas where USAID programmes sought to contribute.

Costa Rica has followed the usual course of developing countries. (Table 11.1) summarises the trend in the sectoral structure of employment during 1950–95.) The labour force quadrupled over the period and its structure changed dramatically. The share of agriculture in total employment declined sharply and continually, falling from 55% of the employed labour force in 1950 to 21% in 1994. The total agricultural work-force continued to grow until the mid-1980s, though at a slower rate than in other sectors. Manufacturing employment grew rapidly, climbing from 11% of the labour force to 18 per cent. The largest shift was into service employment: from 34% of the labour force to 60 per cent. Government services in

42. This figure is based on self-reported education levels for the 1984 population census.

particular flourished, rising from 6% to 19% of the labour force between 1950 and 1984, before receding to 15% by 1994.

Infrastructure

Dramatic improvements have taken place in Costa Rica's internal transportation and communication systems, as well as in its interaction with the rest of the world. New roads have linked previously isolated villages with the rest of the country and favoured the wider marketing of agricultural products and manufactures. National electrical and telephone grids have been established, which provide access to virtually all significant population concentrations in the country. Clean water systems and sanitary waste disposal systems have also been established nation-wide.

The largest and most important infrastructure project has been the Inter-American Highway, for which construction began in the 1940s. It has not only provided access to Panama and Nicaragua, but has also linked the central valley to the rest of Costa Rica.

Table 11.1: Economic and social indicators, Costa Rica, 1950 and 1995

	1950	**1995**
Distribution of labour force (%)		
Agriculture	54.7	21.4
Manufacturing	11.3	18.1
Services	34.0	60.5
Distribution of production (%)		
Agriculture	40.9	18.3
Manufacturing	13.4	21.9
Services	45.7	59.8
Social indicators		
Infant mortality rate (per thousand)	110.0	13.0
Total fertility rate (births/woman)	6.7	3.0
Malaria death rate (per 100 000)	60.0	0.0
2nd and 3rd degree malnutrition (%)	13.7	3.6
Adult illiteracy	27.0	7.0
Life expectancy at birth (years)	51.0	76.0
Primary school enrolment rate (%)	100.0	102.0
Secondary enrolment rate (%)	20.0	42.0

Source: Authors

Social services

The social infrastructure of the country has expanded rapidly, though has, perhaps, lagged a decade behind the build-up in physical infrastructure. During the late 1960s and 1970s, health insurance coverage under the social security system expanded rapidly for modern sector workers. Government programmes in public health combined water and sewerage infrastructure with dissemination of improved health practices to produce dramatic declines in infant mortality and improvements in other health indices (see Table 11.1).

Education has continued to expand. The remaining gaps in access to primary education have been filled by building and staffing schools in the most remote areas. Secondary schools have steadily expanded, with the total number of high schools rising from 13 in 1950 to 230 in 1995. Nevertheless, secondary education has yet to acquire the universal appeal or access that characterised primary education a generation ago. Only half of Costa Rican youths go on to high school. University education has increased dramatically, though, from a few elite in 1950 to a plausible aspiration of most high school graduates.

As with physical infrastructure, USAID involvement was most significant in the early stages of expansion, through providing training to Costa Ricans, bringing in foreign experts to assist in system design, and financing programmes of increased access to social services. Gradually, USAID reduced support as such programmes became part of the usual business of government agencies, or received financing on a larger scale from one of the multilateral banks.

The size and role of government

Dramatic changes in physical and social infrastructure have been made principally by expanding the size and role of government. The government's share of GDP rose from less than 10% in 1950 to around 35% by 1980, where it remained through 1995. Two main actions have led to the government's increasingly dominant role: provision of what economists call "public goods" (largely infrastructure and social services), and policy actions and regulations that have directly affected the private sector. For example, government policy became a force in determining sectoral distribution of credit and in varying the amount of protection from foreign competition faced by individual sectors or enterprises. The Government became a direct producer in a number of sectors.

Costa Rica in 1995

Costa Rica in 1995 reflected the dramatic changes that had taken place over the previous half century. Though fertility fell by more than half over the period, population quadrupled, producing rapid urban growth but also spreading agriculture into remote areas previously covered by forests. In terms of purchasing power, Costa Rica's per capita GDP in 1995 was to the order of USD 5 800, about 70% higher than the world average. Its per capita income growth outpaced that of its Central American neighbours, who fared poorly in recent years. Average income was more than double that of the Honduras, El Salvador and Nicaragua, and had overtaken Panama.[43]

The United Nations Development Programme has introduced a composite indicator of social development, the Human Development Index (HDI). The HDI attempts to capture the social dimension of development in the same way that per capita GDP provides a composite estimate of the economic dimension. According to this index, in 1995, Costa Rica was the most advanced country in Latin America.

Politically, too, Costa Rica topped the list. Its democratic political system weathered economic crises of the 1970s and 1980s with no significant social conflict and no interruption of civil liberties or individual rights. While Costa Ricans, like democratic citizens everywhere, expressed dissatisfaction with various aspects of

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43. These comparisons are based on estimates of purchasing power parity (perhaps better known as PPP). Exchange rate–based estimates differ significantly, though the relative standing is not affected. By the more common measure of GDP, using exchange rates, Costa Rica's per capita GDP in 1995 was approximately USD 2 600.

their political system, its resilience is a confirmation of Winston Churchill's assertion that democracy is the worst form of government — except for all the others.

Costa Rica in microcosm: two rural villages

To provide a more tangible perspective on change in Costa Rica over the last half century, researchers for this study resurveyed two villages that had been studied extensively in the late 1940s. The two villages, San Juan Sur and Aquiares, are located in eastern Costa Rica near Turrialba. Though the two villages are culturally similar, San Juan Sur was originally populated by small farmers, while Aquiares is a *hacienda*, where families lived until recently in estate-owned housing and worked as employees.

Economic changes

Both communities prospered between the periods of study. In both places income and population rose. San Juan Sur was the more dynamic, with population rising 167%, compared with 34% growth in Aquiares. Potential for gainful employment in coffee production probably accounts for most of the difference. The coffee plantation in the area of Aquiares increased only moderately since 1950, because numerous coffee plantations already existed. In San Juan Sur, coffee acreage increased sixfold as farmers converted land previously in pasture, forest, or other crops. Part of this change reflects increased specialisation in coffee; farmers stopped growing vegetables for their own consumption and purchased them instead. While the increased *area* planted with coffee provided more employment, the determining factor in increased incomes was higher *productivity* in coffee. Yields quadrupled over the period. Coffee prices declined in real terms over the period, offsetting some of the yield gains, but a hectare of coffee produced about 2.5 times more in purchasing power in 1995 than it did in 1950. This is the approximate average increase in real wages and incomes of the people in the two villages.

Thus, Aquiares and San Juan Sur prospered economically because they produced coffee more efficiently in 1995 than in 1950. They also prospered because of the extension of public utilities, such as water and electricity to their communities, and from improvements in health and education facilities. While per capita income is often used as the proxy for well-being, the link from some of the important welfare-improving developments to incomes is tenuous. Access to water and electricity was more affordable in 1995, but it was also dramatically cheaper in real terms because a public grid was in place. Much of the health improvement came from better treatment of human waste, which eliminated a major source of diarrhoea. Although water and sewerage services played an important role in improving health, education was critical. People were healthier in 1995 because they knew more.

Changes in living conditions

The 1950 data show relatively primitive living conditions. Most people lived in simple one- or two-room houses of wood or *rancho*[44] construction. In San Juan Sur, 84% of the people had no toilet, even outdoors; the same was true of 97% of people in Aquiares. One-third of the houses in each village had dirt floors; less than one household in 20 had a radio. Running water and electricity were almost totally lacking in the two communities. Fewer than half of the houses contained any books, and wall decorations were few and simple — pictures of saints or interesting scenes, often cut from a newspaper or magazine.

Although the San Juan Sur/Aquiares study did not include health data, a health survey of a broader rural area around Turrialba in 1953 by some of the same researchers indicates that health conditions in the region

44. The least expensive form of housing, a rancho, was a one-room house with dirt floor and thatched roof.

were abject. This study found infant mortality to be 170‰ live births, with miscarriages and stillbirths resulting from another 14% of pregnancies. Trichocephalus infections appeared in 96% of the researchers' sample, and hookworm in 62%. Doctors assisted at 2% of childbirths, with midwives at 66% being the most common attendants.

Ranchos had disappeared long before 1995. Most houses in both communities were now made of concrete, with concrete or tile floors. All had electricity, and nearly all had piped water and indoor plumbing.

Health conditions had also improved dramatically as both villages were brought into modern medical care networks. Nearly all births nowadays take place in hospitals, mainly through the social security system, to which more than 70% of households are affiliated.

Communication with the outside world has been revolutionised. While less than 5% of households had radios in 1950, more than 80% in each village owned colour televisions in 1995. Residents of the two villages have been integrated into a wider world. They are in touch with events elsewhere in Costa Rica, and aware of events, trends, and cultural norms in the evolving global culture.

Some social values within the communities have been constant, notably respect for hard work and for collaboration within the community, while others have changed. Most striking is the increased tolerance of people who deviate from community norms. For example, Protestants and unmarried couples living together are stigmatised far less than they were in 1950. The status and freedom of women increased substantially over the period. In 1950, women typically needed permission to leave their houses. By 1995, social rules were far less restrictive. For example, both villages fielded women's soccer teams. Women in 1995 were also more likely to attain leadership positions in the community than in 1950, though they have yet to achieve full social equality with men.

Some customs have changed because of encroaching values from outside the village. Improved conditions have spurred other changes. For example, in 1950, community rituals, including a procession associated with the death of an infant, were a weekly occurrence in San Juan Sur. This has disappeared as improved health conditions have transformed this from a normal part of village life to a rare event.

Independent small farmers versus employees

Though similar in many ways, the two villages provide an interesting contrast that highlights the multidimensional character of development. Contrary to standard assumptions about the exploitative nature of plantation life, the hacienda workers in Aquiares were consistently better off in some respects than small farmers in San Juan Sur. Aquiares children had six years of school when the latter had only three; they had water, electricity and health care earlier, too. Even today, water availability is better in Aquiares, and all have health care coverage under the social security system, while some in San Juan Sur do not. Contrarily, incomes are higher in San Juan Sur, and long traditions of community self-help and political activism have created a more self-reliant social pattern.

In sum, both communities have provided paths to better economic and social conditions for their residents. But those paths meander over different portions of the steep hillside of development. Even progress in the organisation of the household can be attained in substantially different ways. In Aquiares, 44% of women manage the family household budget, while only 19% of men do so. In San Juan Sur, 48% of men manage the family household budget, while 29% of women do so. This could be related to the fact that household finances are closely tied to farm management and investment decisions in the latter case. Or it may indicate that farm ownership reinforces patriarchal traditions in a way that the wage system of employment at Aquiares does not.

What progress has done, and what it has not

While all objective indicators of development are positive, we cannot conclude that development has been easy in San Juan and Aquiares. Neither can we say that residents are happier, though we can confidently say that they have greater longevity to experience happiness, or misery; and any misery they face is at least more comfortable!

Several further observations might be made. First, while the changes in both villages are dramatic, one cannot expect the citizens to be aglow with the progress already made. People there have problems like anywhere else, *e.g.* love, marriage, money, raising children, which make life challenging and frustrating. Even modern conveniences become a source of frustration. For example, electricity quickly becomes "essential", and once this happens, power failures become a source of distress, and not an occasion for contemplation as to how beneficial it is.

Second, increased access to the outside world tends to weaken the commitment of people to the community as a social network and repository of values. Young people acquire foreign ideas from television and movies that make them less willing to accept the traditional norms and customs of their own community. Schoolteachers are no longer community leaders or progressive elements. Before there was a road, they had no choice but to live in the village; now they live in Turrialba and arrive only for school hours.

Third, people are worried about the future. They worry about politicians in the capital city, about powerful economic interests that might hurt the small producer or employee, about deterioration in the quality of education for their children. In sum, they worry about the same things most Americans worry about.

Has USAID made a difference in Aquiares and San Juan Sur?

When it comes to ultimate beneficiaries of development assistance, such as the residents of Aquiares and San Juan Sur, the causal role of USAID cannot be separated from other factors. Nevertheless, Agency activities left discernible footprints. In coffee, the quadrupling of yields surely owes a significant amount to USAID-promoted initiatives. First, U.S. agronomists introduced scientific approaches to coffee production by identifying nutrients lacking in the soil. This knowledge apparently led to significant and rapid increases in yields. Second, USAID and other U.S. government assistance to coffee research helped develop and disseminate new coffee varieties that produced higher yields and required less care. These improvements were probably introduced into the communities through a variety of channels, such as extension agents, 4-S clubs (the local equivalent of 4-H clubs), fertiliser salesmen, and word of mouth from farmer to farmer. San Juan Sur has long had a 4-S club, the product of an early organisational effort by U.S. agricultural advisers who organised 158 clubs in the 1950s.

Collaborative efforts by USAID and the Costa Rican Government in rural roads, public health, education, and water and sewerage, also touched the communities, at least indirectly. In all these areas, important advances occurred in directions that USAID was working collaboratively to promote. In recent years, the restoration of macro-economic stability to the country has provided a more favourable environment for people in the villages. A seriously overvalued exchange rate prior to U.S.–assisted stabilisation in 1982–84 heavily penalised coffee producers and was probably a factor in the bankruptcy of the Aquiares hacienda during that period. Coffee producers received substantially less for their product than they would have if the exchange rate had been adjusted for inflation; this probably led to the temporary decline in the number of people living and working on the *hacienda*. The creation of alternative sources of employment, such as at the factory in Turrialba producing baseballs for export (a dozen women from both villages work there), is a legacy of USAID-assisted export and investment promotion efforts.

Validity of the development concepts

The variety of activities and approaches USAID employed in Costa Rica makes a wide range of evaluation approaches possible. At one extreme, the effect of each of a thousand activities the Agency promoted could be assessed and all the effects combined. At the other extreme, one could treat USAID flows as a financial transfer, and use an econometric model to calculate impact. This study rejects both extremes: limited time makes the first alternative impossible, while the second is too simplistic. Instead, this study adopts two more modest strategies. First, this section looks at the basic concepts which USAID applied. Were they appropriate to Costa Rican conditions, or were they simply ideological constructs or fads? The next section looks at sector and project activities for evidence of success or failure, drawing mainly on sector studies by Costa Rican researchers.

Some claim that USAID country strategies vary widely, depending on the particular orientation of the mission director in the country or the plans of the government in power. Certainly these factors have some influence. Nevertheless, a review of USAID documentation for Costa Rica makes clear that broad conceptual approaches were stable for relatively long periods of time and that those periods corresponded closely to the current development paradigm. Conceptually, U.S. economic assistance strategy in Costa Rica can be divided into four phases, each answering differently the same question: What is economic development, and how is it achieved?

- *Technical assistance, 1946–61.* The earliest programmes assumed that technical knowledge was the key to development and emphasised training Costa Ricans and transferring knowledge to them through foreign experts.
- *High development, 1961–72.* By 1961, the answer was broadened to incorporate: a leading role for government investment; attention to the macro-economic concepts of savings, investment, and internal and external balances; and the sociological concepts of modernisation and "take-off." [45]
- *Basic human needs and poverty reduction, 1972–81.* Disillusionment with macro-economic concepts, and with the apparent failure of macro-economic growth to "trickle down" to the poor, set in during the 1970s. The United States retreated to a concept of development as direct help by government agencies (often working together in "integrated rural development" projects) to the poorest people, and avoiding macro-economic issues.
- *Stabilisation and restructuring, 1982–95.* The tidal wave of macro-economic imbalances in the early 1980s led to a renewed concentration on macro-economic balances, together with a concern for microeconomic efficiency that had been lacking earlier. Compared with the 1960s, big government shifted from being seen as the solution to being seen as the problem.

Table 11.2 shows total USAID bilateral funding to Costa Rica during each of the four periods, by major type of expenditure, using dollars of constant value.

45. Take-off refers to the stage at which a society has achieved a certain momentum in the pace of change, whereby it can soar like an airplane into sustainable growth.

Table 11.2: U.S. Economic Assistance to Costa Rica, 1946–95
(in million dollars — 1994 equivalent)

Sector	1946-61	1961-72	1973-81	1982-95	Total
Agriculture	20	164	57	57	298
Natural resources	0	0	19	32	51
Education	4	16	13	64	96
Export development	0	6	0	15	51
Finance/industry	5	48	11	71	135
Democracy	5	40	19	20	85
Health	22	76	34	14	145
Infrastructure	195	120	9	27	350
Housing	2	16	12	2	31
Macro stability(a)	0	4	0	1 409	1 413
Population	0	8	8	12	28
Reg. agri. schools	0	0	0	42	42
Total	**253**	**499**	**181**	**1 764**	**2 697**

[a] Dollar amounts were used mostly for private sector imports, with local currency proceeds programmed by USAID and the Costa Rican Government, as shown on the next pages.

Source: Authors

Table 11.3. Local Currency Programming, 1982–95[a]
(in millions dollars — 1994 equivalent)

Sector	Amount
Health	9
Education	32
Population	0
Environment	23
Food and agriculture	78
Economics/trade[b]	664
Infrastructure/housing	196
Governance	73
Regional agricultural school	122
Other	72
Total	**1 268**

Notes:

[a]Mostly funds generated by sale of dollars provided for balance-of-payments support. These local currency funds were owned mostly by the Costa Rican Government, but were jointly programmed.

[b]Includes USD 337 million that was sterilised and USD 227 million for credit, much of which would have gone to agriculture.

Source: Authors

Pre-1961: technical assistance

Official U.S. government assistance to Costa Rica began in 1942 under the auspices of the Institute of Inter-American Affairs, an affiliate of the State Department. Initial efforts involved technical assistance to public health and agriculture. Agricultural technical assistance continued on a unilateral basis until 1948, when a bilateral agreement was signed establishing the Servicio Técnico Interamericano de Cooperación Agricola (STICA), to be operated jointly by the two governments. Health assistance was formalised in 1951, when the Servicio Cooperativo Interamericano de Salúd Pública (SCISP) was established.

These two *servicios* operated under the principles of the Point IV legislation passed by the U.S. Congress in 1950. They were staffed by Americans and Costa Ricans and worked closely with, but outside the normal structure of, relevant ministries. Point IV provided technical co-operation based on formal requests from the participating government and required cost-sharing and clearly defined, time-limited objectives. U.S. resources were to be used for salaries and expenses of U.S. technicians, costs of training Costa Rican technicians, and materials used in demonstration projects.

A huge exception to “aid as technical assistance” was funding the Costa Rican portion of the Inter-American Highway. U.S. funding of this infrastructure project was not carried out by any aid agency but by the U.S. Bureau of Public Roads. Altogether, the United States spent USD 50 million on the Costa Rican portion of the road — more than USD 36 million of it during the 1950s. Most of the remainder was expended in the late 1960s in rebuilding portions of the road.

STICA originally concentrated on establishing an agricultural extension service and 4-S clubs to transfer technology. By 1955, the extension service had 30 offices around the country, and management was transferred from STICA to the Ministry of Agriculture. STICA also developed irrigation and erosion control projects and later concentrated on agricultural research, both directly and through a contract with the University of Florida for research and training Costa Ricans.

SCISP worked on water and sewer systems, health centres, and epidemic control. Some assistance was also provided for nursing education and slaughterhouse design. U.S. help supported construction of Costa Rica’s first two modern water systems, including fluoridation for San José (the first in Latin America), design of an integrated water system for the central valley, and designs for community water systems (built in 20 communities per year in the late 1950s).

The United States also financed studies, foreign advisers, and training abroad by Costa Ricans in a number of other sectors, including education, transportation, industry, housing, labour, and public administration. U.S. aid financed studies of tax administration and local government, helped create the Central Statistics Office, and gave advice on establishing a formal civil service. In 1959, the first “public safety” programmes began. They included police training and internal security training, which were to continue until 1973.

Assessment

Both the technical assistance programmes of the 1946–61 period and construction of the Inter-American Highway had a major impact on Costa Rica. Probably the single most critical infrastructure project undertaken during the period, the Inter-American Highway brought substantial benefits to the country. It ended the nation's physical isolation and dramatically increased internal communication. Although the road was conceived as part of a multinational network, its importance as a domestic Main Street actually far outweighed its importance for international traffic through Costa Rica. There is some question whether the part of the highway connecting Costa Rica with Panama was worth the cost to the United States (especially since the vision of connecting Alaska to Tierra del Fuego by road ended in the 1970s with the decision not to traverse the Darién Gap in Panama), but its value to Costa Rica was immediate and great.

Much of the technical assistance provided during this period had large payoffs for Costa Rica, and older Costa Rican officials recall those days as a period of excitement and great achievement. STICA activities were relatively simple, but they introduced a variety of techniques to the region's farmers. Because they were profitable, their use spread rapidly. STICA tended to identify and work with the most progressive farmers under the assumption that their successful innovations would be copied.

In general, technical assistance seems to have succeeded because it represented the first introduction of scientific approaches into a traditional environment. The relative isolation of Costa Rica, its poor communications with the rest of the world, and a lack of alternative means of transmitting information made for big gains in knowledge. Nevertheless, *servicios* run by Americans outside the formal structure of ministries were not a viable long-term approach, and the transfer of Americans into advisory roles to Costa Rican ministries was inevitable.

High Development: USAID and the alliance for progress (1961–72)

By the end of the 1950s, the era of economic development had arrived. The Marshall Plan had revived Western Europe's economy much faster than anyone had expected. Western European economic integration was proceeding, and free trade in the region seemed to be an important factor in its growing prosperity. The post–World War II decolonisation effort had evolved into a global war on poverty. The UN labelled the 1960s the Decade of Development.

In the United States, foreign aid became a campaign issue in the 1960 presidential election, when candidate John Kennedy called for expanded aid to fight the communist threat by reducing poverty in developing countries. In March 1961, President Kennedy proposed creating the U.S. Agency for International Development, a considerable expansion from its predecessor, the International Cooperation Administration. U.S. concern for communism and poverty was particularly acute in Latin America, where riots during Vice President Nixon's visit in 1958 and the Cuban revolution of 1959 made vivid impressions on the U.S. public. With its proposal to create USAID, the Kennedy Administration also proposed a multilateral Alliance for Progress in the Western Hemisphere.

One of Kennedy's leading advisers, Walter Rostow, was particularly influential. He believed the administration should eliminate strictures placed on economic growth by traditional attitudes and interest groups. Once these bonds were broken, the economy would take off into the blue skies of modernisation. The resulting mass education and advance of modern technology would make economic growth almost automatic. The apparent success of the U.S. Government's Operation Bootstrap in Puerto Rico in the 1950s buttressed this optimism. Teodoro Moscoso, father of Operation Bootstrap, which achieved rapid growth and industrialisation in that self-governing commonwealth, was brought on as U.S. co-ordinator for the Alliance for Progress and head of USAID for Latin America.

This view of quick-and-easy modernisation was paired with a perception of government as capable of being a modernising force, and of the private sector as a reluctant partner in modernisation. The Rostow view (shared by many economists, including senior USAID economists Hollis Chenery and Alan Strout) also regarded investment as the key determinant of economic growth. Developing countries were poor because of low investment rates, and economic growth rates could be predicted by consulting the investment rate. The incremental capital–output ratio seemed to mechanistically link investment to growth. In this formulation, government investment in infrastructure would be the leading sector, stimulating private investment in its train. Government economists, writing national development plans that would identify how much investment should be made in each sector, became the high priests of development strategy.

The alliance required participating Latin American governments to undertake several actions, including land reform, increased investment in education and health, and development of a national planning capability. Country performance under the Alliance was to be monitored by a committee of the Organization of American States: the Comité Interamericano de la Alianza Para el Progreso, or CIAP.

Development thinking at that time, particularly within the Alliance, was strongly influenced by the "development planning" concept. The apparent success of economic planning under communism, memories of the Depression, and a faith in technocrats led to a belief that economic development required substantial government leadership and that reliance on private markets would lead, if not to stagnation, at least to cyclical instability and to maintenance of the "old order," where oligarchies controlled most resources.

These grand ideas replaced the hands-on approach of the previous era, and USAID/Costa Rica staffing shifted away from technical experts working directly on activities to programme officers and economists who theorised about development and promoted it indirectly through assistance to Costa Rican institutions. In the parlance of the day, the "programmers" replaced the "well drillers".

Costa Rica responded to the new ideas with enthusiasm, quickly establishing a national planning office and a land-reform agency, and rapidly expanding government programmes in social and economic infrastructure with financing from the newly created Inter-American Development Bank and Central American Bank for Economic Integration. Costa Rica initially resisted economic integration with the rest of Central America in a Central American Common Market (CACM). But combined pressure from the U.S. Government and the *integracionistas*, led by Raul Prebisch at the UN Economic Commission for Latin America, eventually proved irresistible. In 1963, Costa Rica joined the CACM.

Major projects during this period included: funding for a new land-reform agency for land titling and colonisation; low-income housing through a new government housing agency; credit for agriculture and establishment of a savings and loan system through the state banking system; highway maintenance; and establishment of a private investment bank. With the exception of the investment bank, all the major projects of this period attempted to strengthen existing government institutions or to create new ones. USAID also began grant assistance for family planning in 1967 through ties to the Costa Rican Demographic Association, a private group fearful of adverse effects of rapid population growth. The most complex project was the USD 20 million agricultural sector loan, which provided funding for a dozen government entities involved in agriculture to expand programmes and to improve co-ordination among government agencies.

USAID also strongly supported Costa Rica through its large Central American regional programme. Funding was provided for highways, industrial credit, electrical and telephone interconnection with neighbouring nations, expanded regional institutions for public administration, nutrition, business administration, and a regional bureaucracy to promote economic integration.

Assessment

Costa Rica met most of the goals set by the Alliance for Progress. In most dimensions, including social indicators and growth of GDP, the country exceeded targets set by the Alliance during the 1960s. New institutions were created, taxation was increased to finance higher levels of public investment, and Costa Rica rapidly increased its trade with the rest of Central America. By the late 1960s, USAID began debating when to close the Costa Rica Mission.

Two internal problems and one outside event later emerged to cast a shadow on the Costa Rican success story. First, expansion of the public sector was not the unmixed blessing expected by the architects of the Alliance. Government organisations are easier to create and expand than to eliminate or adapt to changing circumstances. USAID and the Costa Rican Government made too strong an assumption that "public sector" was synonymous with "public good". Construction of new roads was favoured over the workaday task of road maintenance. Agricultural credit and extension became bureaucratic — more involved in internal government politics and less connected to the needs of farmers.

National planning as a key technocratic tool to long-term development also proved a mistake. In Costa Rica, the National Planning Office (now a ministry) emerged as a political entity committed to implementing the specific programme of the administration in power.

Second, Costa Rican entry into the CACM probably enhanced efficiency of industrial companies initially, because it introduced Costa Rican firms to greater regional competition. But as time passed, new investments were made in high-cost production aimed at the regional market. A high external tariff created tremendously effective protection from import competition and made adaptation to newer and higher quality products produced abroad unnecessary. This protection caused product design and quality to stagnate, making eventual export of manufactured goods outside the region unlikely. Industrialists resisted lowering import tariffs, which would have spurred competition, led to greater specialisation, and made the region better able to export manufactures to the rest of the world. Costa Rican participation in the common market was initially judged by economists to have been favourable for economic growth.[46] More recent work suggests that the beneficial effects on investment and employment were only temporary and led to a dead end. In the longer run, the CACM probably slowed economic growth by reducing the region's links to international competition and technological evolution (Sachs and Warner, 1995).

The outside event that coloured perceptions of Costa Rican development happened in East Asia. To some extent, success is necessarily relative, linked to expectations of what is possible. In the 1960s, Costa Rican GDP annual growth rates of around 6% were viewed as highly satisfactory, for there was little evidence that countries could grow any faster on a sustained basis. (In the United States, clearly a development success, per capita GDP has grown relatively consistently at an annual rate of 1.7% for two centuries.) Costa Rica consistently exceeded this rate in the 1950s and 1960s. But the goalposts shifted in Asia after World War II. The post-war experience of Japan and rapid growth in the 1960s in other Asian countries — notably Korea, Taiwan, and the city–states of Hong Kong and Singapore — have set a new standard. 6% is no longer rapid growth if 8% or 10% is consistently possible.

Basic human needs and poverty reduction (1972–81)

By 1970, USAID had begun to view Costa Rica as a development success. Its economy had grown rapidly for some years, fuelled by rapid growth of industrial exports to Central America and agricultural exports to the United States and Europe. Exports of coffee, bananas, sugar and beef were growing rapidly. A large alumina deposit was expected to become a new major export. USAID/Costa Rica began planning for gradual phase-out and started reducing staff. USAID Mission submissions to Washington began to emphasise the Mission's "unfinished agenda" and activities looking towards a post-aid relationship with Costa Rica.

For a decade after 1972, the Agency shifted its primary work in Costa Rica away from broad macro-economic and sectoral concerns towards the social and economic problems of the poorest sectors of society. Initially, this was a response by the Costa Rican Mission to perceptions in Washington that Costa Rica was on a satisfactory growth path and that its relatively high income and favourable social indicators made aid unnecessary. Later, it represented a change in the USAID ideology, towards direct poverty reduction — an emphasis of a new development paradigm called "basic human needs". Some development experts were

46. Nugent (1974) estimates that the CACM added about 0.6% each year to Central American GDP (or more than 7% over the period 1960–72), while Cline and Delgado (1978) offer the somewhat lower estimate of an addition of 3–4% to regional GDP during 1960–72.

sceptical of the basic-needs approach, but the prevailing view was that no major shifts in macro-economic policy were required. The two problems mentioned earlier — stagnation of the import-substitution approach, and the end of the developmentalist idea of government — had not yet been generally recognised as major obstacles to continued growth. Consequently, the lack of attention to economic policy issues during this period reflected more ignorance in the prevailing wisdom than a turning away from it by USAID.

The new development paradigm came about in the mid-1970s, when congressional disillusionment with the Vietnam War and with the Nixon administration's increasing concentration of aid in Southeast Asia led the House of Representatives to vote down an appropriation for USAID. Critics charged the Agency with transferring resources "from poor people in America to rich people in developing countries" and called on USAID to redesign its programmes to underscore activities directly benefiting poor people. A House–Senate compromise that permitted renewed funding for USAID included redirecting U.S. development aid on "basic human needs," limiting USAID's ability to carry out programmes that had no direct link to the poor majority in developing countries.

The USAID programme in Costa Rica fitted well with the new mandate. Its 1976 strategy paper describes the development challenge as "socio-economic disparities, including increased migration and growing urban poverty; economic dependence; rising unemployment; institutional weaknesses; poor land use; and financial constraints". Later, the goal of USAID assistance was described as "to narrow the socio-economic gap by increasing the real incomes of the poor". The perceived development challenge was to get resources directly to poor people. Broad theoretical constructs and long chains of deductive reasoning about the impact of overall economic development on poverty were rejected as "trickle-down economics".

The major projects from this period included a follow-on to the 1970 agricultural sector loan, a science and technology development project, a nutrition loan, establishment of a national poverty information system, a low-cost housing and urban improvement project, and a reforestation and natural resource conservation project. As earlier, the public sector was the main target of assistance.

The quality of Costa Rican economic policy also deteriorated during this period, particularly after the 1973 oil shock. Costa Rica chose to finance the higher costs of oil rather than adjust its economy to this new reality. Foreign debt climbed rapidly as the end of the CACM investment boom was replaced by increased government spending. While lip service was paid to exports, an overvalued exchange rate, a variety of institutional obstacles, and the disincentives to export from participation in the CACM all meant that rapid export growth was unlikely.

Assessment

Just as in the other periods, USAID programmes yielded benefits to Costa Rica. They paid for study abroad by Costa Ricans, provided advisers in a variety of technical specialities, and financially supported numerous beneficial activities, such as family planning and agricultural research. Nevertheless, this period, 1972–81, was USAID's least successful in Costa Rica. Most major projects failed to achieve their objectives. Most involved expanding some government agency and required significant amounts of counterpart funding from the Costa Rican Government. With severe budgetary constraints during 1980–82, counterpart funding was often not forthcoming, and the programmes were implemented with substantial delays. In addition, projects were usually built with the expectation that government agencies carrying out activities would be restructured into more dynamic "change agents". Such optimism usually led to disappointment, as projects added responsibilities to government agencies already unable to carry out their mandates.

Although the USAID activities during this period were harmonious with Costa Rican government priorities, they suffered from two strategic shortcomings. First, the diagnosis of which activities deserved support was ill suited to Costa Rican realities. The Costa Rican development path had been inclusive and broad-based, and already a plethora of government institutions aimed to reduce poverty. The country's principal development challenge was to ensure rapid and sustained economic growth.[47] Second, by the end of the decade, USAID failed to understand the implications of the country's rapidly deteriorating finances. Emerging fiscal shortfalls were sure to compromise new social investments.

USAID and U.S. Embassy officials who worked in Costa Rica during this period have argued that USAID resource levels were too low to make the Agency a player in economic policy, and the Mission accordingly took little interest in such matters.[48] Moreover, the conventional view of development experts was that major changes in economic policy were not essential. Nevertheless, the USAID Mission could have undertaken steps to protect USAID programmes from the impending financial collapse. More ambitiously, the Mission might have either actively promoted changes in government policy or stopped providing financial support to Costa Rica.

Macro-economic restructuring/reactivation (1982–92)

Despite usually favourable coffee prices in the late 1970s, the country was borrowing heavily from abroad to finance its deficits, induced by oil prices. This unsustainable policy became unmanageable in 1979, when Eurodollar interest rates (on which a significant amount of Costa Rican borrowing was based) rose rapidly from 6% to 19 per cent. World prices of Costa Rica's major exports also fell sharply after 1980 and did not recover for more than a decade. By 1981, severe external payment imbalances were evident, and Costa Rica suspended payments of its international debts.

Several factors induced USAID to raise funding levels in Costa Rica. First, the new Reagan administration was committed to considerably increased aid for Latin America, which it charged Democrats with ignoring. In this context, Congress regarded Costa Rica with substantial interest as the region's leading democratic experiment. Second, and even more important, U.S. opposition to the Sandinista government in Nicaragua led to efforts to support the rest of Central America against Sandinista expansion in the region. President Reagan and much of his Cabinet visited Costa Rica in December 1982 to pledge U.S. support. In 1983, the President established a commission under Henry Kissinger to study Central America's problems, which resulted in a 1984 report calling for a massive increase in U.S. assistance to the region. A third factor in the high level of aid, which brought Treasury Department support, was heavy Costa Rican debt to U.S. commercial banks. Costa Rica's visibility as a debtor made the country important in maintaining the U.S. strategy of promoting resumption of debt service wherever possible.

After 1982, the programme's purpose became macro-economic support. Nine annual Economic Stabilisation and Restructuring programmes provided U.S. dollars to the Central Bank so that additional imports could be financed. This "programme financing" gave USAID an additional resource, local currency programming, which had been available only to a limited extent before 1982. During the 1960s and 1970s, most USAID resources had directly funded the planned activities: importing equipment, paying salaries, and covering other direct project costs. Financing in the 1980s was different.

47. As noted earlier, many development economists were not convinced that there were any serious problems with the development strategy being pursued during this period. Developing-country economic growth had been rapid and sustained for nearly two decades, and the emerging calamity was seen with much greater clarity in hindsight than it was at the time.

48. USAID/Costa Rica did not completely ignore such issues. The strategy paper it submitted to Washington in January 1981 recognised that the Costa Rican Government was making unreasonable forecasts of macroeconomic trends, but it did not recommend any action to address the unreality.

Dollars which USAID provided to the Central Bank were used mainly for private sector imports. The importer paid the Central Bank (or a commercial bank operating on its behalf) the equivalent in colones of the dollars required for imports. USAID could have ignored those colones, treating the dollar transfer as the intended purpose of the aid. In which case, colones acquired by the Central Bank would have been just another part of its resource base for setting domestic credit and monetary policy.

Instead, USAID chose to treat the colones as a resource available to allocate for development purposes. These colones, it should be emphasised, were a resource for USAID, but not for Costa Rica. The only resource transfer to Costa Rica took place with importation of the goods and services paid for by the USAID dollars. Local currency was used for the whole gamut of activities undertaken by USAID. Massive amounts of colones gave USAID/Costa Rica sufficient resources to support numerous initiatives in economic and social development. USAID funding became the provider of last resort for these initiatives, such as a new series of textbooks for Costa Rican schools, for which the Costa Rican Government lacked funds. This large pool of funds was jointly programmed by USAID and the Costa Rican Government, but agreements were often reached at high policy levels with little public discussion. This led some to charge that USAID/Costa Rica constituted a "parallel state".

The primary goal of the USAID programme was first to stabilise and then to transform the macro-economic policy regime and institutions. USAID's approach to stabilisation was orthodox and mainly involved following the lead of the International Monetary Fund, reinforcing the IMF's efforts to control the public sector deficit, monetary aggregates, and the external balance.

USAID's concentration on economic transformation flowed from a diagnosis that the Costa Rican economy suffered from three main problems: the government was too large; the financial sector was incapable of delivering financial services needed for a dynamic economy; and the country needed to shift from import substitution towards exports. The bulk of USAID resource transfer during the 1982–92 period was allocated to support broad economic policy changes in response to these three priorities.

Assessment

As in previous periods, a shift in the USAID approach was matched by a similar shift by the Costa Rican Government. The severity of the 1980–82 crisis made popular a major policy shift, and sharp cuts in government spending, the dismantling of the government holding company known as CODESA, and devaluation of the currency were all widely seen as necessary.

At the macro-economic level, USAID assistance during the 1980s was an unqualified success. This conclusion is based on three features of Costa Rican structural adjustment:

- *The adjustment was quick and (relatively) painless.* No other Latin American country undertook a major adjustment programme where the recovery of employment levels and real wages for unskilled workers was faster. Except for Chile, which went through a far more severe recession in the early 1980s, Costa Rica has had the fastest economic growth in Latin America since 1982. The Government of President Luís Alberto Monge Álvarez moved resolutely in 1982 to reduce the fiscal deficit and devalue the currency. Inflation was quickly controlled, and the recovery of production was under way by 1983. By 1986, real wages for unskilled workers had recovered to their pre-crisis level. The key to this success was the relatively large amount of resources provided by USAID to cushion the shock — about USD 200 million per year, or 18% of commodity export earnings.

- *The adjustment favoured low-income workers.* The change in the structure of production resulting from the shift away from import substitution to export-led growth created large numbers of jobs for unskilled workers. This was particularly true in rural areas, where non-traditional exports were much more labour-intensive than the crops they replaced (Céspedes and Jiménez, 1995 Morley, 1995).

- *The adjustment was sustainable, both economically and politically.* Economically, declining USAID assistance occurred without a decline in economic growth because earnings from new exports could replace lost foreign exchange earnings. Politically, the reforms continued to have broad support, and subsequent governments have continued to implement and broaden them. In 1996, the Costa Rican Government finally permitted private banks to accept demand deposits, thus completing a process initiated by USAID in the early 1980s and ending a half-century of government monopoly over basic banking functions.

USAID played the leading role in the macro-economic restructuring in two key respects. It made common cause with a group of Costa Rican economists to convince political leaders of particular policy changes needed. Second, the resources USAID provided during 1982–85 were critical to minimising the severity of the adjustment; the multilateral agencies provided much smaller net flows of resources during this period.

Although the programme succeeded at the strategic level, the presence of massive amounts of local currency created problems. While officially this resource was jointly programmed, in practice USAID took the lead. During the early years, the funds supported the macro-economic reform programme, providing funds for private sector development, particularly for non-traditional exports. As time passed, the accumulation of local currency funds led to reduced discipline in the use of such resources and a large USAID presence in monetary policy. Ultimately, the use of local currency reduced the effectiveness of the Costa Rican Central Bank's monetary policy and led to higher inflation. Left on its own, the Central Bank would have slowed the rate of growth of the monetary base, thus reducing inflation. It also allowed local currency to be used for activities that might not meet careful scrutiny. A spacious new USAID office building was constructed largely with local currency funding. An agricultural college received nearly USD 60 million in local currency funding, though its regional mandate caused some to question the reliance on this funding source.

Which activities produced results?

The relationship between USAID strategies and Costa Rican priorities was relatively harmonious. There were no major strategic conflicts between USAID and the Costa Rican Government, aside from the local currency use issue discussed earlier. This section draws conclusions about which programmes were most effective. Except for the 1980s, when the scale of assistance was massive, USAID assistance between 1945 and 1995 was subsidiary, providing a modest increment to Costa Rican efforts.

Most foreign assistance activities make only incremental contributions to activities under way in the recipient country. The bulk of the resources for most activities comes from the recipient country, and other donors may also contribute. This makes the specific contribution of almost any U.S. assistance activity hard to isolate. Nevertheless, the review of U.S. assistance programmes in each major sector shows USAID working with Costa Ricans to pioneer activities. In general, USAID programmes provided early support for new directions in Costa Rican growth, and they appear generally to have played a catalytic role. This can be illustrated by looking at the evolution of USAID assistance in two specific sectors: agriculture and natural resources, and population and family planning.

Agriculture and natural resources. From the beginning in 1942, U.S. assistance gave high priority to agriculture. Until the 1960s, USAID sought mainly to transfer modern agricultural practices through hands-on demonstrations and advice by American experts, who also trained numerous Costa Rican agronomists. The emphasis was on finding farmers who were willing to experiment and on encouraging better practices and a wide range of institutional changes. Through 35 agricultural extension offices, education activities such as the 158 4-S clubs established around the country, and collaboration with providers of agricultural inputs, USAID was able to promote a more scientific approach to agriculture.

By 1963, when the agricultural *servicio* was folded into the Ministry of Agriculture, many of the practices encouraged by USAID — experimentation, standardisation of seed, use of fertilisers, contour farming — had become part of the normal features of Costa Rican agriculture. Middle-class farmers prospered, and USAID subsequently narrowed its attention to small farmers and targeted its assistance on raising their productivity. From the late 1970s, when low prices for traditional exports were limiting prospects for existing crops, USAID encouraged experimentation with non-traditional agricultural export products. These were initially unsuccessful, but improvements in Costa Rican policies, better understanding of technical requirements, and support for export associations gradually produced results. During the 1980s, USAID also gave attention to environmental issues, financing much of the early studies of the environmental problems facing Costa Rica, and encouraging attention to the dangers posed by soil erosion and deforestation.

Population and family planning. Costa Rica had a long history of high fertility, averaging, in 1950, seven children per woman. Alarm about the potential consequences of continued rapid population growth led to the creation of private organisations promoting family planning in Turrialba, San José, and in some rural areas. A national association, established in 1966, provided information and, eventually, services and delivery of contraceptives. In 1967, USAID began supporting this effort, both directly and through the International Planned Parenthood Federation.

Over the next two decades, USAID undertook five bilateral projects, each supporting some aspect of institutionalising family planning. The first project helped establish an office of population in the Ministry of Health. A second project in 1970 pushed for universal coverage by including funding for the social security institute and a programme of research at the University of Costa Rica. Subsequent projects centred on disadvantaged rural women and on addressing weaknesses in availability of services, counselling, and commodities. By the time USAID departed, there was broad knowledge in the country of alternative fertility control technologies. Means of fertility control were available within the public and private sectors.

It is not possible to draw firm conclusions about the contribution of USAID to Costa Rican development from the sector analyses. What would have happened without USAID? What one can say, however, is that USAID concentrated on pushing the envelope of progress in each sector. USAID helped address problems for which no institutional mechanism was in place. As an institutional framework grew up, USAID projects pushed into new areas. Costa Rica is a different place as a result. How different, it is not possible to say. Modernisation would have come to Costa Rica without USAID. What can be said, however, is that USAID programmes for the most part were pushing in the right direction; were promoting institutions that eventually became well established; and were identified by knowledgeable Costa Ricans as contributing to the country's development.

Sectoral successes: activities with big payoffs or problems

Looking at all sector studies, the story is usually similar to the two cases above. USAID provided resources that helped incrementally steer in a positive direction. In some cases, however, the USAID contribution seems sufficiently large that its role was more than incremental. It was associated with changes so large or dramatic that it made an unmistakable contribution to a changed reality in the country. Specific cases where this occurred include:

- *The Inter-American Highway.* Major infrastructure projects can play a key role in national development. Although not funded by USAID, this may be the single most important U.S. government–financed investment in Costa Rica. The Bureau of Public Roads spent USD 60 million on the road between 1942 and 1972, with Costa Rica contributing about USD 20 million. Before the road was built, motor vehicle traffic was feasible only in the central valley. Communication with the ports of Limón (on the Caribbean coast) and Puntarenas (on the Pacific) was only by railroad, and transport to Nicaragua or Panama was by boat or aeroplane. The Inter-American Highway provided the backbone of the Costa Rican transport system and ended the isolation of much of the country. It created a national market for agricultural products, broadening the diet of Costa Ricans considerably. It made possible real Costa Rican participation in the Central American Common Market. U.S. training of Costa Rican engineers established procedures still in use for contracting public works projects.

- The *agricultural servicio.* The impact of U.S.–financed technical assistance during the 1940s and 1950s was high. The people provided were hands-on agronomists, and they worked in an environment where little effort had been made to use scientific approaches to agriculture. The changes they introduced were generally simple, but they proved highly profitable to farmers who rapidly disseminated them to one another. The cost of the programme was modest, as U.S. agronomists earned USD 5 000–USD 10 000 a year, and overhead support costs were probably far lower than they came to be when USAID became bureaucratised.

- *Health projects*. Between 1945 and 1980, life expectancy and other health indices improved dramatically. As Mata (1996) has shown, the Costa Rican achievements were due to the sustained efforts of a group of socially conscious Costa Rican medical professionals, who were able to count on substantial resources and similarly dedicated professionals in USAID and other organisations such as the World Health Organisation. The success of the effort, however, goes back decades earlier, when a sense of purpose and *esprit de corps* in the Ministry of Health gradually became institutionalised.

- *Export promotion.* Economists are divided about whether policy alone can produce desired results, or whether promotion activities are also helpful. In Costa Rica, promotion clearly reinforced and sped up the growth and diversification of export production. The evidence is overwhelming that USAID played a key role in ending Costa Rica's dependence on coffee, bananas, sugar, and beef exports. The major share of Costa Rican exports — as well as the most dynamic part — are now exports of manufactured products to the industrial countries, non-traditional agricultural exports, and tourism. In all three areas, Costa Rica's exports in 1982 were modest, and no institutional base for developing exports was in place. USAID worked collaboratively to create the institutional base, and the export results were spectacular (see box 11.1).

- *Scholarships*. USAID sent more than 5 000 Costa Ricans abroad, mostly to the United States, for study. Unquestionably this substantially increased the number of skilled people in the society. The upper levels of government, academia, and other institutions are filled with ex-USAID scholars. In some years, 40% or more of all Costa Ricans studying in the United States (or more than one-third of all those studying abroad) were financed by USAID. Agency approaches appear to have been sound, selecting both strong candidates and people who would return to Costa Rica after completing their studies.

➢ *Structural adjustment*. Costa Rica followed terrible economic policies during 1978–81. The economic situation in 1982 was catastrophic and, without large-scale U.S. support, the country would have had a prolonged depression, from which it still might not have emerged by 1995. Close personal and professional relationships between USAID personnel and Costa Rican government officials appear to have been a major factor in achieving success. This suggests a comparative advantage for USAID in such programmes, in contrast to the relatively arm's length approach of the multilateral agencies, which frequently leads to open conflict and slow reform.

Box 11.1: Non-traditional exports

Costa Rican exports have boomed since 1982, rising from USD 870 million in that year to USD 2.5 *billion* in 1995. Though higher volumes of the traditional products, coffee and bananas, contributed to this result, the real dynamism came from production for export of a wide range of new products.

The primary vehicle for developing these new exports was the National Coalition for Economic Development (CINDE), a private non-profit-making organisation established in 1984 to promote exports and foreign investment. Its foreign investment programme was the more unqualified success, attracting hundreds of foreign firms to Costa Rica into export-processing zones, where they used local labour to assemble products for export, usually from imported components. These assembly firms initially were largely in the apparel industry but gradually expanded into a broad range of sectors, including electronics, home appliances, and sporting goods. CINDE also helped promote a number of high-value agricultural exports, including melons, pineapples, cut flowers, and ornamental plants.

At first, USAID's emphasis on assembly firms and non-traditional agriculture was controversial. A 1987 Government Accounting Office report criticised USAID for excessive optimism in projecting that non-traditional exports to the United States would grow at an average rate of 18% a year. Actual growth turned out to be considerably faster, averaging 25% a year through 1995. A 1987 World Bank study was also pessimistic, conceding only that contingent on adoption of a long list of policy changes, it was "not inconceivable" that Costa Rican non-traditional exports to all non-CACM markets might grow by as much as 10% a year in real terms. This also proved off the mark. Even excluding exports from assembly operations, the actual growth rate through 1995 was more than 12% a year.

CINDE's investment and export promotion operations succeeded because of close hands-on collaboration between USAID staff and Costa Rican leaders. Ambitious but verifiable goals were set, and flexible and creative management by CINDE was encouraged. Similar organisations elsewhere in the Isthmus copied CINDE's approach to investment promotion for assembly operations, producing similar results. Altogether, Central American exports of "assembly type" exports rose from less than USD 100 million in 1982 to more than USD 3 billion by 1995.

Evaluation in foreign policy terms

To what extent did aid in the 1980s achieve broad U.S. foreign policy goals? The answer appears to be: completely. Central America today has democratically elected governments in every country; economic policies are generally satisfactory; social tensions have eased; and armed conflict has disappeared from the region except in Guatemala, where low-level guerrilla activity has been going on for more than three decades. In sum, Central America is no longer a policy headache for the U.S. Government—the outcome sought by most members of Congress who voted for aid to the region.[49]

49. While there may be general agreement that the outcome was satisfactory, there would likely be sharp division on the reasons for this. Some would argue that military aid to the Contras in Nicaragua was an important part of the solution, whereas others would argue that the right outcome was achieved by congressional action to limit the role of the Contras and to emphasise peaceful approaches.

Evaluation of macro-level performance

Aid to Costa Rica during the 1980s may have satisfied U.S. foreign policy concerns, but the aid sought an additional goal: promoting development. The best test of development impact is to compare *what happened* with *what would have happened* without USAID assistance. Though this is impossible to know with certainty, the two most useful approaches for this comparison are economic modelling and comparison with similar countries that did not receive USAID assistance. The first approach is not feasible with the current state of economic knowledge and sophistication of economic models. Alternative models come to wildly varied, but equally defensible, conclusions about the effects of foreign aid. Thus, USAID's Center for Development Information and Evaluation avoided this approach.

The second approach is also flawed, since all countries differ from one another in myriad ways, any one of which might be responsible for performance differences. Nevertheless, this approach provides at least an approximation of performance. For example, all Central American countries share important similarities in economic structure, location, history and culture. Each country could reasonably be expected to have similar economic performance. Any country deviating significantly from the regional average in economic performance can be assumed to follow significantly better or worse policies.

But use of Central American averages as a basis for judging the impact of USAID on Costa Rica suffers from the problem that USAID also gave substantial aid to all countries in the region during the 1980s, except to Nicaragua. Each USAID-supported country in Central America outperformed Nicaragua by a wide margin on virtually all indicators of sustainable development. Nevertheless, this test is too easy. Most economists, including many sympathetic to socialism, consider Nicaragua's policy set during the 1980s to have been quite poor. Moreover, Nicaragua suffered from the active hostility of the United States.

Because comparison with Central American neighbours is not feasible, the next closest approximation is with Latin America as a whole, despite the greater diversity of country conditions there, including size. Most of Latin America followed relatively similar policies during the 1960s and 1970s, emphasising import substitution and building large public sectors. All suffered severely from the debt crisis and collapse of commodity prices in the early 1980s, and nearly all eventually moved to the kinds of policy regimes espoused by USAID in Central America: greater openness to international trade, financial liberalisation, an appropriate exchange rate for the currency, and cutbacks in the public sector, including privatisation of government enterprises.

Accepting that it may be useful to compare Costa Rican performance with the rest of Latin America, the next question is how to do so. The most widely accepted measure of overall performance is growth of GDP. This is an attempt to measure all economic activity — activity undertaken for market purposes — in a given year. GDP growth is difficult to measure under the best of circumstances, and more so in countries undergoing major structural change. GDP for any particular year is also affected by temporary external events, such as world price fluctuations for major exports. Moreover, it is desirable to measure steady-state, or sustainable, GDP. But many countries, like most of Latin America during the late 1970s, may have achieved artificially high GDP levels by mortgaging their future. Thus, the nominal GDP figure for a given year may not be a proper representation. Nevertheless, it is the best single measure available.

Figure 11.1 compares the overall GDP growth of Costa Rica, Central America, and Latin America as a whole, since 1982 (when large-scale USAID assistance began). It shows that Costa Rica grew substantially faster than the Latin American average. While Latin America as a whole saw its GDP rise 33% from 1982 through 1995, Costa Rica's jumped 74% over the same period. In other words, Costa Rica's 1995 economy was 32% larger than what it would have been had it grown at the regional average. By 1994, Costa Rica was producing annually about USD 1.5 billion more than if it had grown at the average Latin American rate.[50] If this estimate could be equated to the impact of USAID, this would produce a satisfactory rate of return on the U.S. Government's foreign assistance investment.

While Costa Rica grew more rapidly than the rest of Latin America, it is also true that the Latin American region was surpassed in economic growth by the countries of East Asia. Figure 11.2 adds the four “Asian tigers” to the comparison of Costa Rica with Latin America. As noted earlier, Costa Rican GDP rose by 74% during 1982–95. That of the Asian tigers rose by 140%. This suggests that Costa Rican economic growth might have been much faster had Costa Rica adopted more future-oriented policies (*e.g.* by increasing public investment and reducing government consumption spending). More rapid economic growth would have permitted Costa Ricans to enjoy a higher standard of living, increasing the availability of both private and public goods. For the public sector, Costa Rican growth at the rate of the Asian tigers from 1982 through 1995 would have permitted Costa Rica to simultaneously increase public investment by 50%, eliminate the fiscal deficit, and reduce tax rates. In sum, faster growth would have made choices easier.

Was Costa Rican development inevitable? The challenge of evaluating history

Costa Rica by 1995 was surely a development success. Ordinary citizens live longer, healthier lives, are better educated, and live in a vibrantly democratic society. It is difficult to treat history without addressing causality and inevitability. Some have argued that Costa Rica’s development success is an inevitable outcome of its previous history. For example, its long democratic tradition, an emphasis on public education sustained for more than a century and relative socio-economic equality among its yeoman farmers all make this a credible story. If this is the full story, however, then organisations like USAID are largely pointless. Taken one step further, there is no role for heroic Costa Rican statesmen; each Costa Rican leader simply becomes a cog in the machinery of historical inevitability.

The problem with inevitability is that it is based on hindsight. Certain features of the historical situation are seen as determining the future, while others that would suggest other futures are seen as irrelevant or minor. The 1948 civil war might have been the start of a half-century of internecine violence, but it was not. It is also easy to forget how historically contingent is much else that happens in the world. For example, was it inevitable that Beirut would become an international symbol of anarchy, ethnic warfare, and the law of the jungle? After all, it was the “Paris of the Middle East” in the early 1960s, where Muslims, Christians and Jews could live in harmony; where oil sheikhs could escape the rigours of Ramadan; and where prosperity, based on the growing oil wealth of the region and the entrepreneurial spirit of the Lebanese, seemed almost inevitable.

Ideally, the historian or evaluator of foreign assistance programmes would work with an infinite number of cases, each varying from others in one or two specifics that can be isolated and compared. For example, USAID evaluators would have available a country identical to what was Costa Rica in 1945, but that received no funding from USAID in the subsequent half-century. Whatever differences that evolved over the decades could then be attributed to USAID assistance.

Of course, no such analytical opportunities exist. A less stringent approach would be to find a country somewhat similar to Costa Rica in 1945 and observe its evolution since. The closest parallel in 1945 would probably be Uruguay. With approximately the same population as Costa Rica, it had a long democratic tradition, an educated population, and a tradition of benign and socially conscious government. Uruguay was sometimes called “the Switzerland of South America”, just as the corresponding title has sometimes been used for Costa Rica. (The name also had a racial overtone, denoting a largely European stock that

11. These estimates are based on exchange rate-based estimates of GDP. Using estimates based on purchasing power parity, value of the annual addition to production would be substantially larger.

settled and worked land where few Indians had lived.) The similarity of the two countries led to their being directly compared as part of a set of case studies for a World Bank research project (Rottenberg 1993).

If historical inevitability holds true, both countries should have continued their similar trajectories from 1945 until the present, except for the effect of differing external factors. A significant one is that Costa Rica received about 10 times as much economic assistance from USAID as Uruguay. Of course, there was a multiplicity of other external differences as well — in the trends in commodity prices for both countries' exports, in the behaviour of their neighbouring countries, and in myriad other factors.

In any event, the two countries diverged substantially during the 50 years after 1945. Uruguay was unable to address internal social and economic conflicts within a climate favourable to economic growth (Favaro and Bensión, 1993). Heavy taxation of the main exports (beef and wool) gradually undermined prosperity by lowering production and export of these products. Consequently, the country was increasingly unable to pay for the extensive social welfare system that had grown up in previous decades. Political conflicts over how to cover the shortfalls could not be resolved amicably. Populist policies, such as price controls that reached down to those on a slice of plain pizza, and electricity rates that left the utility unable to finance expansion or adequate maintenance, further undermined the basic productive structure.

Social tensions in Uruguay gradually mounted through the 1960s; conflicts became more open and hostile, leading to a significant guerrilla movement in opposition to the government. This was followed by repression, a military coup in 1973, more political repression, political prisoners, torture, and exiles. Democratic rule was finally restored in 1985, after 12 years of military rule. Sustained economic growth occurred neither during the years of military rule nor in the decade since, and economic and social conflict continues to characterise the country.

Rottenberg's study was based on data through 1985; it predicted a poor economic future for Costa Rica, going by "striking" similarities in the public policy regimes in the two countries. Both offered extensive protection to their domestic manufacturing sector, both taxed the rural sector for the benefit of urban dwellers, and both redistributed income significantly through a variety of public means, including public employment and redistributive (and unfunded) social security systems. The main difference between the two countries, in Rottenberg's view, was when the policy sets were initiated. Uruguay's policy set, adopted gradually in the decades after 1918, produced stagnation from the early 1950s onward. Costa Rica adopted the same policies gradually after 1948 and, in Rottenberg's view, achieved stagnation in the late 1970s. (In Rottenberg's model, the rapid build-up of external debt after 1975 that led to the debt crisis in the early 1980s would have been a symptom rather than a cause of Costa Rica's economic problems in the 1980s. The foreign debt was acquired because the State was seeking to deliver more to the people than the country produced.)

The Rottenberg study provides one test of the impact on Costa Rica of USAID assistance during the 1980s: it predicted over-commitment of the State, inability to provide growing foreign exchange earnings, and an incapacity to adapt to its economic circumstances. Thus, Rottenberg would have expected the decline in USAID funding from about USD 200 million per year around 1985 to near zero ten years later to lead to intensified economic stagnation. An overall improvement would have to be associated with a change in the basic economic model followed by Costa Rica.

Costa Rican history after 1985 did not follow this inevitability, at least until 1996. Perhaps Costa Rican policy makers were wiser than their Uruguayan counterparts, or Costa Rican citizens more far sighted. Costa Rica is different today because of the presence of U.S. government economic assistance programmes, among a lot of other factors. How much different depends on judgements about what happened and why.

While Costa Rican economic development can be considered a success relative to other Latin American countries, it is also true that Latin America has gradually been falling behind countries in East Asia. Figure 11.2 shows a comparison of GDP growth from 1982 to 1994 for Costa Rica and the four Asian tigers (South Korea, Taiwan, Hong Kong and Singapore). As noted earlier, Costa Rica's GDP growth of about 68% over this period outpaced Latin America's. Yet these Asian countries increased their GDP by 168% over the same period. This suggests the possibility that Costa Rican economic growth might be substantially faster were the country to adopt more future-oriented policies (*e.g.* increase public sector savings and investment). Substantially faster growth would permit Costa Rican citizens to enjoy a higher standard of living and larger resources for the satisfaction of both public and private needs.

Lessons learned

This section draws a few lessons from the Costa Rican experience that may be relevant for foreign assistance programmes in other countries. It asks whether, overall, USAID assistance to Costa Rica was worth the cost.

- **Foreign aid can work.** The evidence strongly supports the conclusion that USAID played a strong positive role in Costa Rican development. The fact that successive Costa Rican governments were committed to broad-based growth and to democratic processes made the relationship between the Costa Rican Government and USAID consistently one of shared purpose. Indeed, a collaborative style and joint decision-making are perhaps the most notable characteristics of U.S. aid to Costa Rica.

- **"Development science" has progressed**. Looking at the prescriptions and projects undertaken by USAID over time, it seems clear that development practitioners have made considerable progress in understanding the development process, though it remains rudimentary in many areas. Many mistaken approaches of the past have been identified and abandoned. Lack of knowledge flawed the high-development and basic human needs approaches. Two cases of this ignorance are worth noting. First, while economists were well versed in the concept of "market failure", they had thought little about the possibility of "government failure". Second, they failed to understand the key role of markets, and particularly that from international trade, in promoting efficiency. When better knowledge showed that existing concepts were inadequate, the better concepts were gradually embraced. At the same time, development policy has by no means become an exact science. Nevertheless, USAID and other development agencies are more effective now than earlier, because they work from a stronger knowledge base.

- **Country experience pays off.** The USAID comparative advantage comes in greater part from the trust that USAID staff members engender in host country officials. To a substantial degree, this can come only from extensive in-country experience. In the technical offices, people who spent long periods (five to seven years) in the country seem to have achieved the most. Of the four Mission directors who were most successful, three were "recycled": they had previous experience in the country.

- **Aid does not work in a bad policy regime.** The most unsuccessful period in USAID/Costa Rica's history was in the late 1970s, when programmes tended to reinforce government policies that were largely unsustainable. Most USAID projects during this period left few permanent results. They presupposed that Costa Rican government resources would grow sufficiently to complement funds provided by USAID and, subsequently, to finance recurrent costs associated with USAID-sponsored activities. Neither assumption was justified. The government was forced to cut back sharply on existing programmes, and the welfare of poor people in Costa Rica dropped rapidly during the period when USAID's commitment to direct poverty reduction was strongest.

- **Institution building is harder than it looks**. Costa Rica provided a relatively favourable environment for development, yet institution building still proved difficult. The Ministry of Agriculture received substantial support over three decades but never became the development institution envisioned by USAID. Efforts to institutionalise highway maintenance in the Ministry of Transport never completely succeeded. The Costa Rican Government recently abolished two institutions USAID had a substantial role in creating: a municipal financing and advisory institute and a national technological research institute. USAID assistance to an environmental non-governmental organisation built up the organisation's finances much faster than its institutional stability warranted, and the NGO self-destructed in battles over leadership and direction. The poor performance in this area seems due to simplistic ideas about how institutions should work. USAID staff sometimes assumed that the right organisational structure would lead to decision-making on technical rather than political grounds. This is unlikely to happen, because the operation of an institution will be strongly affected by the unwritten rules of the society in which it is embedded.

- **USAID sometimes jeopardises its successes by staying too long.** USAID work in export promotion during the early years of Costa Rica's structural adjustment was critical to its success. Nevertheless, the continuing abundance of resources and USAID's desire to build on this success led the Agency to maintain a longer, higher-profile involvement in export promotion than was appropriate. While the early years were catalytic, the eventual result was an oversized institution too dependent on continued USAID resources. On a larger scale, this lesson probably applies to the entire local currency programme, where USAID micromanagement continued too long.

- **Failure sometimes looks like success.** Costa Rica's participation in the Central American Common Market looked like a success in 1970, and reputable economists had models that purported to prove it. With a longer-term perspective, it now seems likely that the Common Market hindered Costa Rican growth. Disputes within USAID and Central America about whether the CACM was useful should have been replaced by debates about how the CACM should have been structured to promote development. USAID's efforts during the 1970s to lower the CACM's external tariff — which the World Bank achieved during the 1980s — would have helped prevent the sharp regional crisis of the early 1980s.

- **USAID has a comparative advantage over other donors in policy reform.** Costa Rica is the most successful case of structural adjustment in Latin America. Although Chile is acknowledged as currently having the soundest policy regime, it was achieved at great social cost. Chile applied policies espoused by the International Monetary Fund and the World Bank more resolutely than Costa Rica did, with unnecessary pain. The Costa Rican case may be unique, though, because of the high level of U.S. assistance provided during the 1980s.

- **Institutional change is critical to development**. The Costa Rican experience supports the hypothesis of Douglas North, the Nobelist in economics, that economic development depends on efficient and flexible institutions as well as on correct economic policies. By institutions, North means the informal rules and procedures as well as the formal ones. Dialogue by USAID with Costa Rican intellectuals and politicians, particularly during the last two decades, has done much to change the way Costa Ricans have perceived their situation and prospects and, consequently, to adapt their institutions to meet the challenges of a changing world environment.

The bottom line: was it worth it?

U.S. economic assistance to Costa Rica significantly contributed to Costa Rican welfare. Costa Ricans are healthier, wealthier, and better educated than they would have been without U.S. assistance. Income distribution is more equal than it would have been, and the country's environmental base is maintained better than it would have been without U.S. assistance. Early technical assistance and training were key factors, because they established collaborative relationships between Costa Ricans and Americans, which speeded the flow of ideas. Such ideas embodied more productive ways of working that were critical to building up the capacity of Costa Rican institutions to deliver basic services to the people, and ways of increasing the productivity of the economy. But these benefits came at a cost to American taxpayers. Did they get their money's worth?

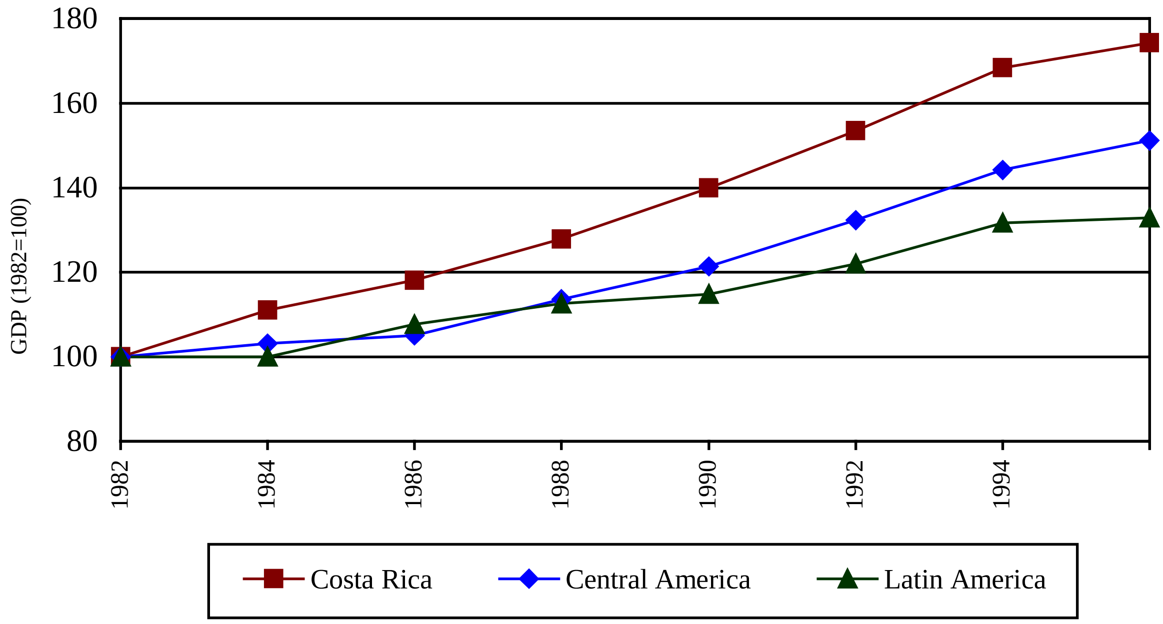
The best way to answer this question is to compare the expectations Congress had when it appropriated the money with the outcome of the aid. In the broadest terms, Costa Rica has met expectations. It continues as a vibrant democracy with respect for human rights, a model for other countries. After a rocky period in the early 1980s, its economy has successfully adapted to a changed world economy. It is a world leader in ecosystem management. If all developing countries had matched Costa Rica's progress on economic, social, and political indices, there would be fewer complaints about the effectiveness of foreign aid.

The assessment is even more strongly positive with respect to the large-scale assistance the United States provided during the 1980s. Costa Rica used U.S. resources effectively, and its leaders, notably then-president Arias, took the lead in formulating an approach that restored peace to Central America.

Finally, the U.S. Congress and the American people would consider the economic assistance successful to the extent that Costa Rica no longer requires U.S. economic aid. If Costa Rica were itself later to offer a helping hand to contribute to the development of its poorer neighbours, that would be the ultimate evidence to the American public that U.S. assistance had succeeded in broad moral terms.

Figure 11.1 Real GDP growth, 1982-95

Costa Rica, Central America and Latin America

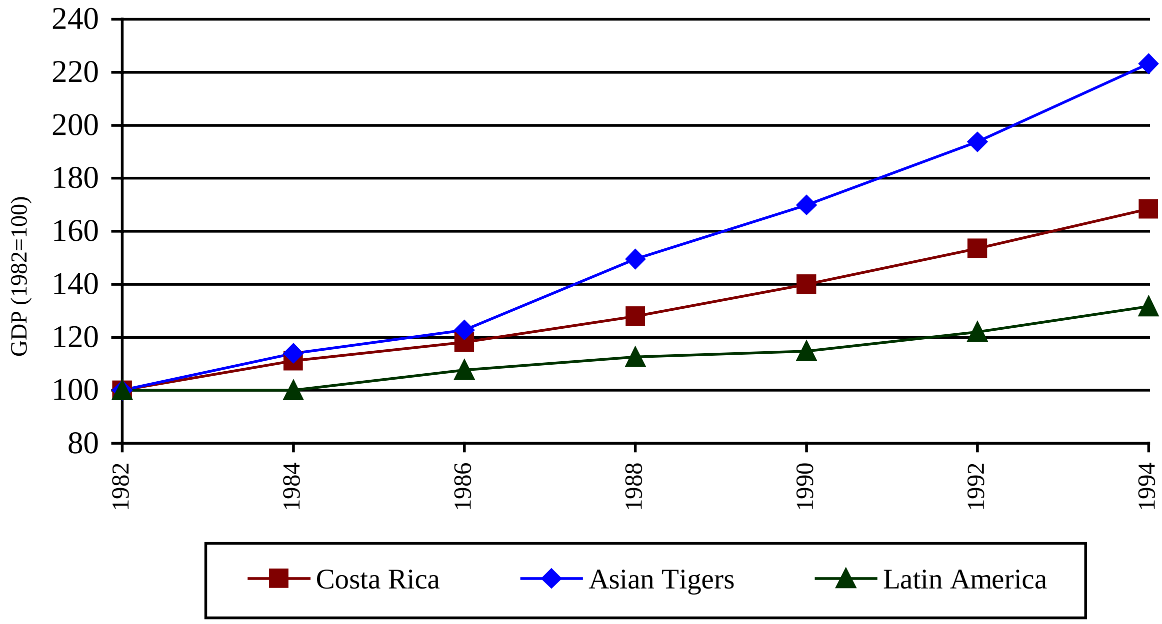


	Costa Rica	Centra America	Latin America
1982	100	100	100
1983	102.9	99.8	96.7
1984	111.1	103.1	96.7
1985	111.9	104.1	103.6
1986	118.1	105.9	107.7
1987	123.7	110.1	111.4
1988	127.9	113.6	112.6
1989	135.1	117.9	114.4
1990	140	121.4	114.8
1991	143	125.3	118.8
1992	153.5	132.4	122
1993	162.7	139.1	125.8
1994	168.4	144.2	131.7
1995	174.3	151.2	132.9

Source: Authors.

Figure 11.2 Growth of GDP, 1982-95

Costa Rica, Asian Tigers, and Latin America



	Costa Rica	Asian Tigers	Latin America
1982	100	100	100
1983	102.9	106.3	96.7
1984	111.1	114	96.7
1985	111.9	115.5	103.6
1986	118.1	122.8	107.7
1987	123.7	136.7	111.4
1988	127.9	149.5	112.6
1989	135.1	159.2	114.4
1990	140	169.9	114.8
1991	143	182.9	118.8
1992	153.5	193.7	122
1993	162.7	207.4	125.8
1994	168.4	223.2	131.7
1995	174.3	239.8s	132.9

Source: Authors.

APPENDIX TO CHAPTER 11

Sectoral and cross-cutting evaluation reports

1. *Macro-economic Policy*, by Thelmo Vargas (26 pages).

2. *Financial Sector Programs*, by Miguel Loría (30 pages).

3. *Trade Policy and Programs*, by Edna Camacho (30 pages).

4. *Health Sector Activities*, by Leonardo Mata (66 pages).

5. *Family Planning Programs*, by Víctor Gómez (29 pages).

6. *Education Activities*, by María Cecilia Dobles and Juan Manuel Esquivél (38 pages).

7. *Agricultural Programs and Policies*, by Carlos Pomareda (26 pages).

8. *Natural Resource Activities*, by Rafael Celis (43 pages).

9. *Democracy and Governance Activities*, by Daniel Masis (20 pages).

10. *Infrastructure Programs*, by Enrique Angulo and Ricardo Echandi (32 pages).

11. *Life in Two Costa Rican Villages, 1950 and 1995*, by Ivelina Romagosa and Amilcar Castañeda (77 pages).

12. *Impact of Costa Rican Nontraditional Agricultural Exports*, by Kathleen Horkan (30 pages).

13. *USAID/Costa Rica and PVOs: Three Cases*, by Kristin Goss (28 pages).

Background documents

1. *USAID in Costa Rica: An Overview*, by James Fox, provides a summary of USAID programmes and strategies from 1945 to 1995 (20 pages).

2. For an economist's interpretation of the economic forces at work and economic policies tried in Costa Rica between 1945 and 1995, see Ricardo Monge's *Economic Overview of Costa Rica* (38 pages).

3. *Interview Summaries With American Former USAID/Costa Rica Staff*. 1- to 2-page summaries with 18 Americans interviews about their experience in Costa Rica (25 pages).

4. *Interviews With U.S. Ambassadors*. Long interviews with five ambassadors who served in Costa Rica, from the State Department oral history project (80 pages).

5. *Interviews With Costa Rican Professionals*. Summaries of some 50 interviews (6–7 pages each, in Spanish) of Costa Ricans who worked on, or were knowledgeable about, USAID activities (300 pages).

6. *AID and Multilateral Assistance to Costa Rica, 1946–63*, by Sasha Muench. A statistical summary of assistance flows from USAID and the other principal sources (36 pages).

7. *Costa Rica Impact Assessment Issues and Methodology*, by James Fox. This summarises the evaluation approach and the main questions to be addressed in each of the sector evaluations (10 pages).

8. *Costa Rican Students Who Have Studied Outside the Country*, by Sasha Muench. This is a statistical compilation of data on foreign study by Costa Ricans (8 pages).

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